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Dukakis: A Carter Or John Kennedy?

By Edward Walsh Washington Post Service WASHINGTON — Governor Michael S. Dukakis likes to compare himself to "another son of Massachusetts, John F. Kennedy." It is a flattering comparison, especially for one of the 54-year-old candidate's generation, which came of age during the Cold War and tends to remember Mr. Kennedy less for the Bay of Pigs fiasco and the initial U.S. commitment in Vietnam than for his management of the Cuban missile crisis and the signing of the treaty banning nuclear tests in the atmosphere. Vice President George Bush likes to compare Mr. Dukakis to another Democratic governor who sought the presidency — Jimmy Carter. It is meant to be a decidedly unfavorable comparison for a generation of Americans who remember the Camp David accords less vividly than the Iran hostage crisis and the Soviet intervention in Afghanistan. Neither comparison is exact, but this fall — when Mr. Dukakis and Mr. Bush are likely to battle it out as presidential nominees — the comparisons will be a central part of the campaign debate over the future direction of U.S. foreign policy. How Mr. Dukakis defines himself and his view of the U.S. role in the world will be a crucial element in that debate. In his drive toward the Democratic presidential nomination, the Massachusetts governor has carefully staked out foreign policy positions that are well within the liberal, Democratic mainstream. His foreign policy would differ sharply from President Ronald Reagan's in such regions as Central America, where Mr. Dukakis strongly opposes aid to the Nicaraguan contras. But in other regions apparently it would not represent a radical departure from the general direction of U.S. diplomacy in the era after World War II. What is less certain about Mr. Dukakis is how his underlying values and instincts would affect the day-to-day direction of foreign policy. These include a strong emphasis on human rights and "American values" as the cornerstones of the country's foreign policy, a deep respect for "the rule of law" and the role of international organizations such as the United Nations in global affairs, and a preference for a multilateral approach to trouble spots rather than "wandering around the world like a lonesome cowboy." "The current administration has tried to impose 1950s solutions on a 1980s world," Mr. Dukakis said in a speech in New Hampshire in February. "It has acted alone when it should have sought support from regional powers. It has relied on force when it should have used diplomacy. It has tried to manipulate nations when it should have tried to understand them." In rhetoric that is reminiscent of Mr. Carter, Mr. Dukakis has called in several speeches for a foreign policy "that reflects the principles and the decency and the values of the American people." Mr. Dukakis's friends and advisers recoil from any comparison with Mr. Carter and portray Mr. Dukakis as more sophisticated and realistic than the former president. "I'd be absolutely astounded if Dukakis said the Russian invasion of Afghanistan opened his eyes," as Mr. Carter did, said Senator Paul S. Sarbanes, Democrat of Maryland. See DUKAKIS, Page 5



A woman held up a cross Sunday to challenge the police at an anti-government demonstration in Warsaw. At right, a plainclothesman wielded a baton as he charged a protester at a Solidarity rally.

Solidarity Spurs Strikers

Walesa Demands Action as Police Break Up Rallies

By Jackson Diehl Washington Post Service WARSAW — Supporters of the banned Solidarity trade union rallied Sunday in support of striking steelworkers in cities across Poland as General Wojciech Jaruzelski vowed not to allow the unrest to alter his political and economic policies. In Gdansk, thousands of demonstrators battled baton-wielding police. Western ambassadors appeared at Moscow's May Day celebration, ending a boycott. Page 2

licemen with stones after Lech Walesa, the Solidarity leader, called on Poles to act in support of a strike at the Lenin steel mill in the Krakow suburb of Nowa Huta.

One report said that the police had chased demonstrators inside the St. Brigid Catholic Church, a Solidarity stronghold, after stones were thrown from inside. In his first public statement on industrial strikes that are the most serious his government has faced since 1982, General Jaruzelski said Poland "has reached a turning point." He conceded that efforts to introduce changes to the economy and liberalize social life were "ripening too slowly."

"We are still acting in an extremely complicated situation, amid mounting difficulties," the Polish leader said. However, he added, "there will be no departing from openness, democratization and national agreement, nor a return to chaos and anarchy."

General Jaruzelski's speech at a May Day parade in Warsaw came as sources reported an impasse in the sixth day of a strike by at least 10,000 workers at the Lenin mill, and as Solidarity staged rallies in at least a dozen cities.

Jerzy Urban, the government spokesman, said that 33 persons were arrested around the country for participating in the rallies, which he said attracted a total of 12,000 people. Another 57 Solidarity activists were being held Sunday in preventive detention after being arrested Friday and Saturday in an effort to stop the demonstrations, he said.

Opposition sources cited far higher turnout figures for the demonstrations, including more than 5,000 each in Warsaw, Lodz, Plock and Gdansk and several thousand in Poznan and Wrocław.

Although the crowds in major cities appeared no larger than those that have attended Solidarity May Day rallies in recent years, the

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Iranians Say Saudis Stall On Oil Cuts

RUHRIG — Iran accused Saudi Arabia and Kuwait on Sunday of stalling on oil production cuts at an OPEC meeting in Vienna as part of a U.S.-backed plot to undermine the Iranian revolution.

"This flagrant treachery serves the interests of the U.S.," the Iranian press agency IRNA quoted Hashemi Rafsanjani, speaker of the Iranian Majlis, or parliament, as saying.

Mr. Rafsanjani said the Organization of Petroleum Exporting Countries, at the meeting in Vienna, was being denied its "basic rights of pushing oil prices to \$18 a barrel."

"The Saudis and Kuwaitis refuse to lower their production, and the idea is to damage the Islamic revolution of Iran," the press agency, monitored in Cyprus, quoted Mr. Rafsanjani as saying.

A plan to increase oil prices through joint production cuts has been held up by disagreement among OPEC's 13 members on a response to an offer by six non-OPEC members to cut their exports by 5 percent in May and June.

In Vienna, oil analysts watching the talks said that if OPEC did not reach a consensus quickly after resuming negotiations Sunday night, then oil prices would almost certainly tumble when the markets reopened on Monday.

Saudis Reject a Proposal

Youssef M. Ibrahim of The New York Times reported earlier from Vienna: Saudi Arabia rejected a proposal early Sunday that would have opened the way to cooperation between OPEC and nonmember independent oil producers.

The proposal, presented by Algeria, was rejected by Saudi Arabia.

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In Kabul, Symptoms of a Dying Regime

By David B. Ottaway Washington Post Service KABUL, Afghanistan — A dreamlike air hangs over Kabul two weeks before the withdrawal of the first Soviet troops. Afghans await the pomp and ceremony expected to surround the departure of the Soviet units, while diplomats offer sharply conflicting scenarios about the probable fate of Afghanistan and the regime of Major General Najib. General Najib himself seems to believe he is stronger than ever following the signing by Afghanistan and Pakistan two weeks ago of the Geneva accords, which not only provide for the withdrawal of Soviet forces but promise an end to further U.S. military aid to the Afghan resistance. He clearly feels that the accords have given him new international legitimacy as well as the benefit of a United Nations force monitoring his frontier with Pakistan, where the rebel groups are based. Even though Washington has vowed to continue arms shipments to the guerrillas if the Soviet Union re-

supplies Kabul's forces, General Najib sees himself with new leverage over Pakistan to enforce the no-arms provisions of the Geneva accords. But to a group of Americans who recently visited Kabul, including two former ambassadors, the signs are all too familiar: Those of a dying regime like that of Anastasio Somoza in Nicaragua or Nguyen Van Thieu in Saigon in the months before they were swept from power. "I sense the same sort of sweaty palms after the United States signed the 1973 Paris peace accords," said William Sullivan, former ambassador to Iran and Laos

and a member of a private American delegation that just completed a week of talks in Kabul with Afghan and Soviet scholars and officials. Even the Soviet Union seems to have abandoned any semblance of confidence in the regime. For the April 26 festivities commemorating the 10th anniversary of the Soviet-backed Communist takeover in Kabul, Moscow sent a low-level delegation headed by an obscure provincial politician. General Najib, meanwhile, seems the personification of the Managua-Saigon syndrome. At a

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IRA Kills 3 in Netherlands

By Howell Raines New York Times Service LONDON — The Irish Republican Army has claimed responsibility for attacks in which three British servicemen were killed and three others were wounded in the Netherlands on Sunday. A 20-year-old Royal Air Force enlisted man died and two other servicemen were wounded when a

gunman fired an automatic weapon into a parked car shortly after 1 A.M. The attack took place at Roermond, in the southeast of the country near the West German border. Two unidentified servicemen, also believed to be RAF troops, were killed about a half hour later when a bomb blew the roof off their car outside a discotheque in the village of Nieuw Bergen, about 50 kilometers (30 miles) north of Roermond. A third serviceman was seriously injured.

In a statement to the British Broadcasting Corp. in Belfast, the IRA, a guerrilla organization seeking to end British rule in Northern Ireland, warned Prime Minister Margaret Thatcher of Britain that more attacks would follow. "We have a simple statement for Mrs. Thatcher: Disengagement from Ireland and there will be peace," the statement said. "If not, there will be no heaven for your military personnel and you will regularly be at airports awaiting your death."

The tone of the IRA statement added to the impression that the attacks Sunday were in reprisal for the shooting of three unarmed members of a suspected IRA bomb squad in Gibraltar on March 6.

Since Thursday, the Thatcher government has been embroiled in conflict with the Independent Broadcasting Authority over its broadcast of a television documentary in which witnesses said two of the three killed in Gibraltar were trying to surrender when they were shot by members of the Special Air Service, the British Army's anti-terrorism unit.

After her government failed in an effort to get the broadcasting authority to withdraw the program voluntarily, Mrs. Thatcher bitterly denounced the program for subjecting the Special Air Service troops to "trial by television."

On Sunday, her spokesman said the government was not automatically linking the latest with the new attacks. "It may be as a result of something else."

Britain has about 70,000 servicemen in West Germany, most of them in four RAF and five army bases in West Germany near the border with the Netherlands. British servicemen regularly go into the Netherlands for recreational purposes. The IRA is believed to have a strong network of support in Holland, where its gunmen and bombers have a history of activity.

The victims of the bombing at Nieuw Bergen are believed to be airmen from the RAF base at Laarbruch, West Germany.

U.S. Workers Can't Count on Old Skills

By James Kim New York Times Service NEW YORK — When Motorola Inc. introduced a system of quality control at its plant in Arcadio, New York, it found that many employees lacked the mathematical skills needed to understand the new statistics-based approach. In response, Motorola officials added six hours of remedial training in grade-school mathematics for all workers.

Densons of other companies are encountering similar problems. As manufacturing and other business procedures have become more advanced, the level of reading, writing, mathematics and other skills needed at work has risen. But workers' deficiencies in these skills are proving to be an obstacle to introducing the new techniques.

"The concerns of the business community for a skilled work force have never been greater than in the 1980s," said a report issued in March by the U.S. Education and Labor departments. "In survey after survey, employers have identified the need for workers with stronger basic skills to accomplish tasks in the work place of today and to adapt to the work place of tomorrow."

The problem is twofold. In many instances the jobs themselves require greater reading, writing and mathematical skills. But, in addition, the process of retraining, in which workers are taught to use more complex equipment, demands a higher level of these skills. Retraining is on the rise as many companies

overhaul their production lines because of technological advances and intensifying global competition. Polaroid Corp., for example, has installed computers and computerized machinery throughout its operations. Charles E. LaPier, manager of human resource development, said employees were increasingly being asked to enter data into computers, to read computer displays and to analyze data.

To respond to worker deficiencies in the skills needed for such tasks, the company set up a tutorial program four years ago. In the last three years about 3,000 of the company's 10,000 employees have taken the courses, most of which cover material typically taught at school.

"We view this as absolutely necessary to be effective today in the work place and necessary to move into the future," Mr. LaPier said.

The American Society of Training and Development, a Washington-based association of employee-training specialists, estimates that by the year 2000, 75 percent of all workers currently employed will need to be retrained because of job changes that will require improved skills.

"Workers are required to have skills or develop skills that they have not had before," said William B. Johnston, author of a study at the Labor Department that dealt with worker education and skills. His study estimated that by the year 2000 a

majority of new jobs will require at least a year of college. Current jobs require a median of 12.8 years of education, up from 12.5 years in 1975; the study found. Jobs created in the next 12 years will require 13.5 years, it predicted.

The Department of Education estimates that about 23 million adults, which it defines as persons over 20 years old, are functionally illiterate, unable to use printed information to function effectively in society.

Many companies and unions have stepped into the work place as educators, offering courses that are often held after work hours or on weekends, in company buildings or through arrangements with local schools. These programs include remedial instruction and high school equivalency courses.

Classes that teach English as a second language are also on the rise because of the growing number of Hispanic workers and others whose native language is not English. Mr. Johnston predicts that the Hispanics will account for 23 percent of the growth in the labor force over the next 12 years.

A survey by Training magazine, a trade publication for personnel managers and executives, found that 30 percent of American companies with 10,000 or more employees offered some sort of remedial education to their workers in 1987, compared with 28 percent the previous year.

There are no reliable estimates of how

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Le Pen Fails to Endorse Chirac in French Vote

By James M. Markham New York Times Service PARIS — Jean-Marie Le Pen, the leader of the extreme-right National Front, called on his supporters Sunday not to vote for François Mitterrand on May 8, but he declined to endorse the French president's conservative challenger, Prime Minister Jacques Chirac.

"No! No! No!" shouted Mr. Le Pen to some 25,000 rain-soaked adherents in the Tuileries Garden in central Paris. "Not one vote for François Mitterrand!"

Mr. Le Pen, who netted 14.4 percent of the vote in the first round of presidential balloting April 24, has emerged as the arbiter in the final round since Mr. Chirac needs votes from the National Front to beat Mr. Mitterrand, a Socialist.

But Mr. Le Pen portrayed the choice as one between "the worst and the bad" and said that in his two years as prime minister, Mr. Chirac had reneged on commitments to revise the French nationality code to restrict the number of foreigners.

He said some of his followers would believe that "the most important thing is to avoid Mitter-

rand and socialism." He accused the president of "fundamental and deliberate treason" in his approach to the troubled Pacific territory of New Caledonia and in supporting the right of immigrants to vote in municipal elections.

"It's up to Chirac to defend his chances," Mr. Le Pen said, suggesting that National Front voters could back Mr. Chirac in the final round or abstain. "If Jacques Chirac is beaten, he will have only himself, his friends and his allies to blame."

Mr. Le Pen's 4.4 million voters include many disillusioned Communists and Socialists who appear to have supported the National Front in the first round to protest high unemployment and to show disdain for the French political establishment.

An opinion poll of 1,217 respondents found last week that 18 percent of National Front voters would cast their ballots for Mr. Mitterrand next Sunday and 55 percent would vote for Mr. Chirac. The poll showed the president de-

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MONDAY Q&A



Uffe Ellemann-Jensen, the Danish foreign minister, who has kept defense as a dominant issue for the approaching election. Page 2.

General News

Washington ordered inspections of old Boeing 737 airplanes in reaction to the recent incident over Hawaii. Page 3.

Prime Minister Noboru Takehito is visiting Europe to signal a new phase in Japanese relations with the EC. Page 4.

Business/Finance

The CIA says China is developing into one of the world's leading exporters. Page 7.



Youths marching past the Louvre during a May Day rally in Paris by the ultra-right National Front, which is led by Jean-Marie Le Pen.



# As Danish Election Nears, NATO Policy Is the Leading Issue

Elections have been called in Denmark for May 10 as a result of a parliamentary resolution reinforcing objections to the presence of allied nuclear weapons on Danish soil, including ports. Foreign Minister Uffe Ellemann-Jensen, 46, who leads the Liberal Party in the center-right coalition elected in 1982, spoke with Joseph Fitchett, political correspondent for the IHT, about the implications of the crisis in Denmark and the Atlantic alliance.

Q. Is the crisis in Denmark symptomatic of wider fissures in the Western alliance?  
A. Be careful about extrapolating our problems to what's happening in Europe. Ours is a case of domestic politics, in some special circumstances. The country lost its consensus on defense when the Social Democrats, the largest party, lost power in 1982, and we formed a minority government. It had a majority on economic problems because the country's deficit was 14 percent of gross national product. But the Social Democrats, in opposition, turned around on defense

and made it an issue. So we tried to live with two majorities.  
Some features of this situation can be found elsewhere in Europe, of course. And everywhere there is a new openness to whatever comes from the new Soviet leadership.

Q. What actually has happened?  
A. The Social Democrats increasingly contradicted the commitments they had made in power. They put through a string

### MONDAY Q&A

of resolutions stopping our payments to the NATO infrastructure program implementing the double-track decision [the 1979 NATO decision to pursue simultaneously deployment of missiles and disarmament talks with the Soviet Union] on intermediate-range nuclear missiles. We said we would draw the line if Denmark's full membership in NATO was threatened. That happened with a resolution passed April 14 demanding that we notify allied ships of our policy — which we have shared with Norway for 30 years — that we don't want nuclear arms on our territory in peacetime. The Social Democrats had been told by us, and by the allies, that this would be unacceptable.

Q. Why did they insist?  
A. They are being pushed by a party on their left, which wants to reject NATO's doctrine of neither confirming or denying whether warships are nuclear-armed and introduce inspections. The Social Democrats tried to water down what they were doing, presenting it just as a letter, asking just for the government to notify arriving vessels of our policy. But it was an empty demonstration. Why should we act as if we distrust our allies?

Q. Do you have any regrets about your strategy of calling a snap election?  
A. The most fantastic thing has happened. We've managed to keep the defense quandary as the dominant issue. A lot of clever professors said that it couldn't be done in Denmark. But we've managed to keep it at the top of the agenda, and recent polls show public support for NATO in Denmark is higher than at any previous time, even in crisis periods such as the Soviet actions in Hungary and then in Czechoslovakia. It's running around 70 percent of the voters, despite the strong anti-nuclear feeling in Denmark, rooted in our recent traditions.

Q. What are governments in Western countries saying to you?  
A. History should already have showed the Danish parliament how wrong it was on the whole two-track decision. Our parliament wanted to soften the Western approach; it thought the zero option was too tough; it wanted to bring in the British and French deterrents. All these ideas are outdated today. The NATO decision brought the Soviets back to the negotiating table.  
And it's hypocritical. Soviet nuclear armed ships are passing only a few hundred meters from our coast.  
But the basic attitude of the Danes is positive. On Common Market issues, we were called the "font-dragging Danes" until we in this government drew the line, called a referendum and won it. Now we are among the proponents of expanded security consultations in the European Community. I believe that a stronger European pillar is essential to have a stable trans-Atlantic alliance.  
I believe that on this issue the politicians are going to get a message from the voters.  
Q. What would you regard as victory?  
A. With our electoral system, of almost total proportional representation, we can't hope to get a solid majority. But any change in our favor will be a signal. That's what we want.

## WORLD BRIEFS

### Kanaks Appeal for Inquiry by UN

NOUMEA, New Caledonia (AP) — The main Melanesian independence movement here appealed Sunday for a United Nations inquiry into conditions in New Caledonia, and four gendarmes were injured by gunfire near Canala on the eastern coast of the French territory's largest island.

In a statement issued in Noumea, the Kanak Socialist National Liberation Front said the more than 20 gendarmes and other French law enforcement officials held hostage in the territory, as well as Melanesian separatists who have been detained, should be considered prisoners of war. The organization appealed to the United Nations to send a commission of inquiry to the territory.

Meanwhile, Michel Calvet, the Roman Catholic archbishop of Noumea, said he was willing to accept a government proposal to name him as mediator to try to gain freedom for the hostages. But he said on French radio that he would not get involved in political negotiations, and it was not clear whether the rebels would accept his appointment under those terms.

### North Korean Defection Is Reported

SEOUL (AP) — Officials reported that a North Korean intelligence official arrived in Seoul on Sunday in what local reports called the highest-ranking defection to South Korea in decades.

The Foreign Ministry said Kim Jeong Min, 45, had been granted political asylum after his defection in Europe. The ministry would not say exactly where or when he defected. He was carrying a North Korean diplomatic passport while traveling in "a certain European country on official business," it added.

Mr. Kim was a senior official in the North Korean Ministry of Public Security, an intelligence organization, the Foreign Ministry said.

### Bus Explosion Kills 26 in Sri Lanka

COLOMBO (AP) — Suspected Tamil rebels detonated explosives beneath a bus in eastern Sri Lanka on Sunday, killing at least 26 persons, Sri Lankan military officials said. The explosion also injured 30 persons, 15 critically.

The bombing occurred near the village of Sitaru, 40 kilometers (25 miles) southwest of the port of Trincomalee. Most of the victims were Sinhalese, the majority ethnic group, said officials.  
On Saturday, Tamil militants ambushed a bus in the northern Vavuniya district, killing five civilians and six Sri Lankan soldiers.

### Salvadoran Refugees Win U.S. Case

LOS ANGELES (NYT) — A U.S. district court judge has ruled that the government must stop coercing Salvadorans seeking asylum into leaving the United States. The action was a resounding rejection of Reagan administration policy.

Judge David Kenyon also issued on Friday a manifesto of rights for Salvadorans detained by the Immigration and Naturalization Service, including the right to claim political asylum and the right to have legal representation.

The ruling followed a year-long nonjury trial of a lawsuit filed in 1980 on behalf of all Salvadorans detained for deportation. The judge sided with the plaintiffs in barring the administration from deporting Salvadorans in violation of their rights under the Refugee Act of 1980, and he granted almost every request in the suit for protecting Salvadorans.

### Mubarak Says Aswan Dam May Shut

CAIRO (UPI) — President Hosni Mubarak of Egypt said Sunday that the continuation of the African drought may force the hydraulic generators of the Aswan High Dam to close by July, plunging parts of Egypt into total darkness.

The generators, which produce about 25 percent of the electrical power in Egypt, are activated by water in one of the world's largest man-made lakes behind the dam. The years of drought forced the water level in the lake to decline from 166 meters (180 yards) to 150 meters. As a result, generated power dropped by about a half.

Mr. Mubarak said: "If there is a further shortage of water, that is, if the water level drops to 147 meters, power generating will stop, the power of the Aswan Dam will be lost." He said this could happen in July.

## TRAVEL UPDATE

### P&O Puts Channel Ferry Into Service

DOVER (AFP) — P&O European Ferries partially resumed its cross-Channel services from Dover on Sunday by the Pride of Bruges to the Belgian port of Zeebrugge. The vessel is one of 11 company ferries that have been paralyzed for three months by a strike over wages and working conditions.

The P&O move does not resolve the conflict. The National Union of Seamen said Sunday that 4,000 of its 20,000 members were on strike and that about 10 British ports were supporting its action.  
Observers said the strike could take a new turn if the High Court in London orders seizure of union assets on Tuesday. The seamen's union initially refused to back the Dover strike for fear of scuttling its funds, but it later began what it called a "fight to the death" against P&O.

Motorists in Spain rushed to fill their cars with gasoline as station attendants started a three-day strike Saturday, the police said. (Reuters)  
A strike by 315 pilots and flight engineers of the French UTA airline that started Saturday will disrupt schedules until Wednesday evening but will not cause any cancellations, management sources said Sunday. (AFP)

More than one million tourists visited Iwama in 1987, a 7.8 percent increase over 1986, the Federal Tourism Ministry said. (AFP)  
Rail service through Taiwan was halted for the first time in 101 years Sunday when train engineers held a one-day strike to press demands for higher wages. (AP)

Major U.S. airlines, including TWA, United, American and Delta, have said they will match the reductions that Eastern Airlines announced last week for its lowest, heavily restricted discount fares. (NYT)

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Barbados, Belize, Belgium, Bhutan, Britain, Bulgaria, Cameroon, China, Costa Rica, Gambia, Ghana, Gibraltar, Grenada, Guatemala, Guyana, Honduras, Kenya, Luxembourg, Panama, Philippines, Romania, Singapore, Soviet Union, Spain, Switzerland, Thailand, Yugoslavia, Zambia, Zimbabwe.
- TUESDAY: Japan.
- WEDNESDAY: Japan, Malaysia.
- THURSDAY: Brunei, Israel, Japan, Mexico, South Korea, Thailand.
- FRIDAY: South Africa, South Korea, Syria.
- SATURDAY: Finland.
- SUNDAY: Iran.

Source: Morgan Guaranty Trust Co., Reuters.

## DOONESBURY



## Soviet Letter Points Up Policy Rift

By David Remnick

Washington Post Service

MOSCOW — Mikhail S. Gorbachev, the Soviet leader, has widespread popular support but still could be overthrown by his opponents, according to an extraordinary letter published Saturday in the newspaper *Sovietskaya Kultura*.

Stating the view of many liberal intellectuals, the author of the letter, V. Borokhovitch, of the Siberian city of Nizhnevartovsk, said Mr. Gorbachev still faces strong opposition to his most radical reform plans and that a Central Committee plenum "at which M.S. Gorbachev could be ousted" is still a real possibility.

"It is far from everywhere and far from unanimously that the party apparatus supports our leader," Mr. Borokhovitch wrote.

Letters to the editor, especially in the past two years, have been the principal arena for ordinary people to air their views. The subject of installing and removing heads of government, however, is by no means an everyday subject, even in the boldest of publications.

The letter called for a public referendum on Mr. Gorbachev and his policies in the hope that they would receive overwhelming endorsement by the public, thereby holding off any attempts within the leadership to topple him. The general secretary's "removal or appointment is not simply an internal matter for participants in the Central Committee plenum," Mr. Borokhovitch wrote.

For decades, leadership changes have been behind-the-scenes affairs and announced only at the plenary sessions of the party's 300-member Central Committee.

Alexander N. Yakovlev, a more liberal Politburo member who has reportedly assumed some of Mr. Gorbachev's tasks, followed strict protocol, standing further to the right of Mr. Gorbachev.

Just below the Politburo on the mausoleum, a solemn man in a suit cued the crowd on when to shout "hurrah" or break into applause. When they did not cheer with sufficient volume, he began waving his arms wildly, like a conductor at the close of a symphony.

— DAVID REMNICK

The appearance of such a letter can be viewed as part of Mr. Gorbachev's campaign against the conservative opposition.

After the publication in March of a long letter in *Sovietskaya Rossiya* that called Mr. Gorbachev's programs an ideological mishmash, the party newspaper Pravda responded with a long editorial that has become a manifesto for Mr. Gorbachev's reforms. The letter printed Saturday is, in a way, a footnote to the Pravda article: those who might think about undercutting Mr. Gorbachev's power.

The letter also doubted the sincerity of some officials who publicly support Mr. Gorbachev's programs. Political opposition to Mr. Gorbachev and *perestroika*, his plans to restructure the Soviet economy, has been the subject of wide speculation in Moscow lately that has focused especially on the No. 2 leader in the Kremlin, Yegor K. Ligachev, the party ideologist.

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## Gorbachev Calls for More Tolerance of Religion

By Bill Keller

New York Times Service

MOSCOW — In a highly unusual Kremlin meeting with the top hierarchy of the Russian Orthodox Church, Mikhail S. Gorbachev has called for a more tolerant attitude toward religion in the interest of national unity.

The Soviet leader condemned past anti-religious repression and promised that a law being prepared on freedom of conscience would give believers broader protection to practice their faith.

The meeting, believed by some to be the first publicized reception for religious leaders in the Kremlin in more than 40 years, was shown Friday at the beginning of the main television news program. It was taken by some believers as an important signal of a more positive climate for the faithful.

According to official Soviet estimates, 40 million of the 280 million people in the country consider themselves believers. Western specialists believe the total to be more than twice that, the majority of them Russian Orthodox.

Welcoming the 77-year-old church primate, Patriarch Pimen, and other members of the church synod, Mr. Gorbachev said: "Believers are Soviet people, workers, patriots, and they have the full right to express their conviction with dignity. *Perestroika* and democratization concern them, too — in full measure and without any restrictions."

Mr. Gorbachev's words, and the sight of his smiling reception of the church leaders on national television, underscored his intention to enlist religious believers in his program of social and economic change, which he calls *perestroika*, or restructuring.

In a statement read on the news,

the Soviet leader called for an official policy toward religion that assures the right of the church to "carry out its activity without any outside interference."

"A new law on the freedom of conscience, now being drafted, will reflect the interests of religious organizations as well," Mr. Gorbachev said. "These are all tangible results of new approaches to state-church relations under conditions of *perestroika* and democratization of Soviet society."

He took note of "our differences in world outlook" but said a new attitude toward the church was important for strengthening national unity during a period of change.

Many believers have expressed hope that Mr. Gorbachev would use the 1,000-year anniversary of Christianity in Russia this summer to lift some of the official limits on religious practice. The meeting Friday was reportedly held at the re-

quest of religious leaders in connection with the anniversary.

Others remain skeptical about the chance of significant changes in the system of state controls, which requires churches to register with the state and sharply restricts religious teaching, charitable work and proselytizing. About 200 believers remain in prisons and labor camps for violations connected with the practice of their faith. Western human rights groups say.

Acknowledged believers are banned from the Communist Party, and their choice of careers is in effect limited. Baptisms, church marriages and funerals are often held in secret, for fear that discovery will incur official retribution.

Church officials have said that a state commission is reviewing the highly restrictive 1929 laws on religion. The commission is believed to be considering amendments to allow some religious teaching and

permit the church to engage in charitable work.

Mr. Gorbachev has talked with church leaders at ceremonial occasions and has included them in visible posts on committees that promote Soviet disarmament proposals, but he previously had little to say about religious rights.

Calling the religious persecutions that began under Stalin in the 1930s a "departure from socialist principles," the Soviet leader said: "Mistakes made with regard to the church and believers in the 1930s and the years that followed are being rectified."

The Reverend Gleb Yalunin, a campaigner for religious freedom who was freed from Siberian exile and allowed to resume his priestly duties last year, said that Mr. Gorbachev's meeting was "a symbol of a change of policy," adding: "It is very important."

The only precedent for the meeting Friday was when Stalin summoned three senior prelates to a meeting on Sept. 4, 1943, at which he restored the church to good standing and encouraged its support for the Soviet war effort.

A recent biography of Mr. Gorbachev says that he came from a religious Russian Orthodox family, and that his mother still attends church near her home in Privolnoye, in the southern Russian Republic.

The book, "Mikhail S. Gorbachev: An Intimate Biography," by the editors of *Time* magazine, says that Mr. Gorbachev said in Britain in 1984 that his grandparents had kept icons in their house, but that because of fear of repression in Stalin's time they hid them behind portraits of Lenin and Stalin. Mr. Gorbachev was reported to have said he attended church once with his grandparents.



Mikhail S. Gorbachev, the Soviet leader, center, watching the annual May Day parade on Sunday from the top of Lenin's tomb in Moscow. He is flanked by Prime Minister Nikolai I. Ryzhikov, right, and Andrei A. Gromyko, president of the Supreme Soviet.

## Western Ambassadors End Boycott of May Day in Moscow

Washington Post Service

MOSCOW — Western ambassadors appeared at the May Day celebration in Moscow on Sunday, ending a boycott of such parades that began with the Soviet intervention in Afghanistan in December 1979.

The ambassadors, including Jack F. Matlock Jr. of the United States and Sir Bryan Cartledge of Britain, stood in an area close to the Lenin mausoleum where the Politburo, including Mikhail S. Gorbachev, the Soviet leader, and Yegor K. Ligachev, the No. 2 official in the Communist Party, watched the parade.

Mr. Matlock said he had been given permission to attend from Washington because the Soviet Union has announced that it plans to begin withdrawing from Afghanistan later this month and "in the spirit" of the planned visit to Moscow by President Ronald Reagan in four weeks.

A diplomat said that since the Soviet intervention in Afghanistan, Western diplomats "found it convenient to be elsewhere on May 1."

Unlike past years, there were no banners in the parade criticizing U.S. policies. Last year, there had been signs denouncing the Strategic Defense Initiative and U.S. involvement in Central America. This year, on the other hand, one

float carried a picture of the INF Treaty signed in Washington in December, calling it "an example of new political thinking."

Sir Brian however, said he was not sure if he would attend the parade marking the anniversary of the Bolshevik Revolution on Nov. 7, when the military is the center of the event. "We shall have to see how far the withdrawal has progressed," he said.

For Soviet citizens, the greatest element of gravity to May Day this year was the publication in the Communist Party daily, Pravda, of people reminiscing about the crimes of Stalin, especially his

forced collectivization of the countryside in the early 1930s that led to millions of deaths.

Adam Shalupenok, a Communist Party official from Minsk, after describing the horrors of that era, told Pravda, "When I hear about the unmasking of Stalin's crimes and the bitter truth on the tragic pages of our history only besmirches the generations who built socialism, I want to say, 'Don't believe it. It's a lie.' It is a lie with which the enemies of reform are trying to attract to their side the veterans and living witnesses of the days gone by."

This week, the youth newspaper *Komsomolskaya Pravda* printed an article criticizing the state for spending so much money on the May Day celebration, but hundreds of thousands of people turned out for the festivities.

When the parade began to pass through Red Square, Mr. Gorbachev stepped out on the Lenin mausoleum and began waving to the crowd. He was soon followed by Premier Andrei A. Gromyko, Prime Minister Nikolai I. Ryzhikov and Mr. Ligachev.

Speculation about the status of Mr. Ligachev, particularly whether he has lost some of his power in a struggle with more liberal Politburo

members over the pace and scope of reform, continues to circulate in Moscow.

Alexander N. Yakovlev, a more liberal Politburo member who has reportedly assumed some of Mr. Ligachev's tasks, followed strict protocol, standing further to the right of Mr. Gorbachev.

Just below the Politburo on the mausoleum, a solemn man in a suit cued the crowd on when to shout "hurrah" or break into applause. When they did not cheer with sufficient volume, he began waving his arms wildly, like a conductor at the close of a symphony.

— DAVID REMNICK

The appearance of such a letter can be viewed as part of Mr. Gorbachev's campaign against the conservative opposition.

After the publication in March of a long letter in *Sovietskaya Rossiya* that called Mr. Gorbachev's programs an ideological mishmash, the party newspaper Pravda responded with a long editorial that has become a manifesto for Mr. Gorbachev's reforms. The letter printed Saturday is, in a way, a footnote to the Pravda article: those who might think about undercutting Mr. Gorbachev's power.

The letter also doubted the sincerity of some officials who publicly support Mr. Gorbachev's programs. Political opposition to Mr. Gorbachev and *perestroika*, his plans to restructure the Soviet economy, has been the subject of wide speculation in Moscow lately that has focused especially on the No. 2 leader in the Kremlin, Yegor K. Ligachev, the party ideologist.

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Panama Raid Seen As Option U.S. Senator Says It's a 'Last Resort'

WASHINGTON — A U.S. senator said Sunday that the Reagan administration retained a military option to remove General Manuel Antonio Noriega, the military leader of Panama, but he said it should be used only as a last resort.

Richard G. Lugar of Indiana, the second-ranking Republican on the Senate Foreign Relations Committee, made the remark in a television interview three days after the Reagan administration switched tactics and said that although it still wants General Noriega to step down, he does not have to leave Panama.

On Saturday, the administration eased some of the economic pressure on General Noriega by allowing American citizens and companies in Panama to resume payment to the government.

The action Saturday came after the Panamanian opposition and a broad base of support for the use of force by the Panamanians and Central Americans, would be a very bad mistake.

Asked if this meant the problem with General Noriega could continue until control of the Panama Canal passes to Panama at the end of the century, Mr. Lugar said: "Well, not at all. The economic sanctions, as we've already heard, are very powerful. We retain a military option, which means we retain an option, if necessary, to use military force. And the Panamanians ought to know that."

Asked under what conditions the United States would use force, Mr. Lugar said: "I don't think there's any need to spell out what conditions. I think the fact that we have troops there, that we are prepared to send, as we already have, additional troops



General Manuel Antonio Noriega, the military ruler of Panama, wielded a machete he said was inscribed with the words "Not one step back" during a speech in which he denied he will step down.

there from time to time, is known. The problem is that to use those troops unilaterally, without the Panamanian opposition and a broad base of support for the use of force by the Panamanians and Central Americans, would be a very bad mistake.

Asked if the military should be used only to protect the Panama Canal or if it could be used as a last resort to change the government, Mr. Lugar said: "As a last resort to change the government, I qualified that by pointing out that it won't work in terms of our overall diplomacy unless there is broad-based support for that option with the Panamanian

opposition and with Central American friends." Recent published reports in the United States have said the Reagan administration had worked out the outlines of a deal under which the general would step down.

But on Saturday, General Noriega denied that such an arrangement existed, and brandishing a machete above his head as he stood before a meeting of international union leaders, he declared: "This commander is ready to dialogue, but only with the power of the people. If this commander has a price, only the force of the people knows the price."

U.S. Orders Checks of 737s After Hawaii Incident

By Richard Witkin New York Times Service NEW YORK — The U.S. government has barred older Boeing 737s, like the Aloha Airlines plane that was torn open over Hawaii last week, from flying above 23,000 feet (7,000 meters) until they are subjected to a stringent inspection.

The emergency order Saturday from the Federal Aviation Administration said the precise cause of the accident remained unknown. But it added that the fuselage may have ripped away because of "cracking, corrosion or delamination of the fuselage structure."

Much of the upper half of the fuselage was torn off Thursday while the plane was cruising at 24,000 feet. A flight attendant was apparently swept out of the cabin to her death, and 61 other people were injured.

The new altitude limit applies to Boeing 737s that have landed more than 55,000 times. The Aloha plane, built 19 years ago, had made almost 90,000 landings and was particularly vulnerable to saltwater corrosion because it operated exclusively among the Hawaiian islands.

A Boeing Co. spokesman said 66 of the 1,500 Boeing 737s in operation worldwide have made more than 55,000 landings, and he estimated that half or fewer were operated by U.S. carriers. Directives by the Federal Aviation Administration apply only to planes operated by U.S. airlines, but Boeing sent the directive to foreign carriers as an urgent recommendation, and they routinely follow the American lead in such cases.

[Craig Mario, a Boeing spokesman in Seattle, told the International Herald Tribune that 37 of the planes were in the United States and that the rest were "scattered all over the world." He said he did not have a list of the foreign carriers.] Fred Farrar, a spokesman for the Federal Aviation Administration, said the U.S. carriers Piedmont

Aviation and American Airlines also operate older Boeing 737s. The air pressure inside airliner cabins is kept at a level equivalent to no more than 8,000 feet above sea level, which requires an increase in pressure while a plane climbs higher and the air outside gets thinner. The cycle is reversed on descent. This pumping and release of air subjects cabins to the risks of metal fatigue.

An agency spokesman said that an altitude of 24,000 feet is the point where, if a fuselage structure has been weakened by cracks or other defects, the difference between inside and outside pressure can cause a rupture such as the one on the Aloha plane. Setting the temporary limit at 23,000 feet provided a cushion below that danger point and also curb the stresses from each pressurization cycle.

Aloha announced late Friday that it was voluntarily grounding three of the oldest 737s in its 11-plane fleet. Issuance of the order seemed to validate what had been a growing belief among safety analysts that the damage suffered by the Aloha plane had been the result of a structural failure and not, as initially suspected, of sabotage.

The possibility of a bomb or other explosive was quickly discounted by FBI agents, who rushed to Kahului Airport on Maui island after the plane made its one-engine emergency landing there. It had been on a flight between Hilo on Hawaii island and Honolulu on Oahu when much of the upper half of the fuselage, behind the cockpit, was ripped away.

The visual inspections called for in the new order are even more stringent than those required periodically by a directive issued last October, which applied to almost 300 of the oldest Boeing 737s. Aloha said it had complied with the earlier order. The new inspections must be completed on each plane before it has made another 500 landings. Each plane then must be kept on the ground until repairs have been made on "any cracks, delaminations, or corrosion damage discovered during these inspections."

The U.S. order, sent just after midnight Friday, gave the affected airlines 12 hours to put the altitude limit into effect. Earlier in the day, Boeing had sent operators of older 737s an urgent letter calling their attention to inspection recommendations issued as recently as April 14.

What was chiefly new about the Federal Aviation Administration inspections, an agency official said, was the requirement for intensive visual checks of five joints that run completely around a 737 body. Aircraft are manufactured in separate sections, and the five joints to be scrutinized are at the points where the sections are put together.

Tense Talks In Managua End for Now

By Julia Preston Washington Post Service MANAGUA — Sandinist government and rebel leaders ended three days of turbulent talks over the weekend and agreed to meet again later this month.

There was thunder, there was lightning, said the Sandinist defense minister, General Humberto Ortega Saavedra, who headed the government delegation.

The second round of high-level talks in Managua was the most acrimonious and least productive in negotiations since a cease-fire was signed March 23 in Sapoá, Nicaragua.

Little progress was made toward an agreement on procedures for cease-fire zones where the rebels, under the terms of the Sapoá accord, were supposed to gather during a 60-day truce that began formally April 1.

Without that agreement, deliveries of U.S. nonmilitary aid to the guerrillas inside Nicaragua cannot begin. The rebels, known as contras, rejected a government proposal to allow the International Red Cross to begin distributing the food and medical aid to the fighters immediately even if no full agreement on the zones is reached.

Iraq Has a New Missile; Pressure Seen for Iran

By Bernard E. Trainor New York Times Service WASHINGTON — Iraq has successfully test-fired a new surface-to-surface missile with a range of 900 kilometers (550 miles), far enough to hit Iranian targets in the Strait of Hormuz and increase pressure on Iran's oil traffic through the Gulf. U.S. intelligence officials say.

It is generally believed that the Iraqi missile, which carries a high-explosive warhead of at least 115 kilograms (250 pounds), is a modified version of a Soviet missile known as the Scud-B, which the Iraqis apparently have in abundance. The original Scud is 11 meters (37 feet) long with a range of about 280 kilometers. Iraq earlier modified this type of missile to extend its range to 650 kilometers, giving it the ability to hit Tehran.

Like the earlier modified version, the new missile, test-fired last week, could strike targets in Israel and Syria as well. But U.S. intelligence officials believe the weapon presents a significant threat only to Iran because it is relatively small and inaccurate, and because both Israel and Syria can threaten Iraq with missile forces. In addition, the intelligence officials say, at this point Iraq is preoccupied with the war with Iran.

The amount of explosives carried by the new missile is not large by conventional standards. Still, it is generally believed to suit Iraq's goals because the Baghdad authorities are more interested in the political and psychological value of their missiles against Iran than in their military usefulness. Western military experts have been im-

pressed by Iraq's continuing ability to offset Iran's numerical superiority through innovations in weapons and tactics.

Iraq has reportedly fired 190 of the earlier upgraded version of the missile at Tehran and the Iranian sacred city of Qum. Little military damage has been caused by these attacks but they are said to have hurt Iranian morale by contributing to civilian casualties.

Experts in Washington believe Iraq will continue to use its missiles, including the new one, to attack urban areas. These could now include Kerman, which had been one of the few major Iranian cities out of the range of Iraqi missiles.

The new missiles also have significant strategic value. If placed on the Faw Peninsula, which was retaken from Iran in a surprise attack last month, they could be aimed at Bandar Abbas, the principal Iranian port at the entrance to the Gulf. This also would put Iranian shipping lanes in the Strait of Hormuz, within Iraqi range.

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AMERICAN TOPICS

Privatization Drive Finds Halfway House

Local governments with experience in privatizing public services are concluding that the key to efficiency is not in replacing government agencies but in putting them against private companies. The New York Times reports.

The city of Phoenix, Arizona, a pioneer in privatization, has cut garbage-collection costs by forcing its sanitation department to compete against private companies. The private sector had the edge in the early 1980s, but the sanitation department has made a comeback: This month it outbid Waste Management Inc. for the city contract.

The fire department in Tallahassee, Florida, tried to raise fees for responding to alarms in surrounding Leon County. But when the county sought bids from Ramal-Metro Corp., one of whose services is firefighting, the department lowered its rate to increase and expanded its services.

Notes About People Bernhard H. Goetz, the "subway vigilante" who shot and wounded four young men who

Short Takes

Queens, Mr. Goetz, asked if he were repentant, replied, "The judge should have sentenced me to a testimonial dinner or a ticker tape parade."

Other states make do with four seasons, but Vermonters like to say they have six: spring, summer, fall, winter, more winter and mud. The current season is mud. The New York Times reports. This means wild changes of temperature, rapid alternations of sunshine and snow, and mud everywhere. Not only newcomers get their cars stuck. "And it's not just cars, either," recalled Alva Cleveland, 47, who lives in the farmhouse where he was born. "Once, I got a truck up to the tops of its tires. I got out, clomped through the mud and drove the big tractor over." That got stuck, too. So the road commissioner brought his backhoe, which also got stuck. "Finally, a wrecker from Creteau's Garage had to come and pull the whole lot of 'em out," Mr. Cleveland said.

3 Beheaded in Saudi Arabia DAMMAM, Saudi Arabia — Two Filipinos and a Saudi Arabian were beheaded on Friday for committing murders, an Interior Ministry statement said. The two Filipinos were beheaded for murdering four Filipinos and a Saudi for killing four persons.

California has put at least a temporary stop to the wholesale cutting of 1,000-year-old redwoods by the Maxxam Group of Houston, which bought out the Pacific Lumber Co. and doubled its tree-cutting rate, saying that cash was needed to pay off the \$795 million borrowed for the acquisition. The state forestry department rejected cutting plans for two parcels of virgin redwood forests. The company has appealed the decision.

In 1944, more than 90 percent of American children had some form of tooth decay. Today, more than half of all children have never had even one cavity. The improvement is credited largely to adding fluoride to water supplies, according to Dr. Harold Loe of the National Institute of Dental Research.

Women's clubs — part charity, part self-improvement, part leisure — are in decline, victims of changing ways of life and women's wholesale entry into the labor force, the Los Angeles Times reports. The clubs throw for the first half of the century, establishing libraries and playgrounds and campaigning for temperance, women's suffrage, child labor laws and hot school lunches. Some say they succeeded too well. "They did themselves out of a job," said Victoria Brown, a historian at San Diego State University in California. In the 1920s membership was more than 2.2 million. Today it has fallen to 400,000, with an average member's age of 64.

Arthur Higbee

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# Takeshita in Europe to Pursue Stronger Relations

By Patrick L. Smith  
*International Herald Tribune*  
TOKYO — An 11-day tour of European capitals by Prime Minister Noboru Takeshita is intended to signal a new phase in Japan's ties with European Community countries, according to government officials and foreign diplomats.

In meetings with the leaders of Italy, Britain and West Germany this week, Mr. Takeshita is expected to emphasize Tokyo's commitment to careful management of its rapidly expanding economic ties with Europe and to extended diplomatic contacts.

Both efforts are regarded by diplomats in Tokyo as an indication of the importance Japan is beginning to place on its relationships in Europe as it seeks to reduce, or at least balance, its dependence on the United States.

Although there are a number of unresolved issues between Japan and the countries on Mr. Takeshita's itinerary, his tour comes during a generally improving economic and political climate.

While the Japanese trade surplus with the European Community increased by almost 20 percent in 1987, to \$20 billion, its growth slowed markedly in the first quarter of this year. More broadly, there is evident eagerness on both sides to draw Tokyo into Europe's discus-

sions of such issues as Soviet reforms, arms treaties and conflicts in the Middle East.

A review by the European Commission of the community's relations with Japan, issued in March, called for further improvement in a number of trade-related problem areas. But the annual report was viewed in Tokyo as the most positive such assessment in a decade.

"There has been a fundamental shift in attitude toward Japan recently," a West European diplomat said, "and it has been helped by the large jump in our exports to Japan in the past year."

Mr. Takeshita's visit, which began at the Vatican on Saturday, is his first to Europe since he assumed office in November. It is also the first of two European tours scheduled before a meeting of Western leaders in Toronto in June. He is to visit France, Belgium and the Netherlands early next month.

Tokyo's enthusiasm for stronger ties to Europe stems in part from a marked loss of faith in U.S. capabilities as an economic power, Japanese officials acknowledge. But it also reflects the nation's view that its search for a new global role should proceed in the context of a partnership among Japan, the United States and Europe.

"We see the development of tri-

lateral ties as the key to world stability," a Japanese official said. "We're looking for balance in our European relationships, which have been overshadowed by economic and trade issues for the past several years."

Strengthened economic links are a significant element in Japan's growing closeness with Europe. To an extent, this is a result of Washington's steadily more-aggressive trade posture toward Japan and the fact that Japanese industry views Europe as a relatively underdeveloped market compared with the United States.

In addition, the long decline of the U.S. dollar against European currencies and the yen, has made trade between Europe and Japan more profitable for both sides than trade with the United States.

Reflecting this, the value of Japanese-European trade grew 16 percent last year, to \$55 billion, which included a 36 percent increase in Europe's exports to Japan. In the first quarter of 1988, European exports jumped 53 percent above the same period a year ago.

Nonetheless, Western observers say Mr. Takeshita's chief task on the economic front will be to convince Europe that domestic demand in Japan will be sustained long enough to bring Japan's trade surplus down to a politically ac-

ceptable level. That would mean cutting it roughly in half, these sources add.

European officials also voice concern over Tokyo's willingness to reach bilateral agreements with Washington in response to U.S. pressure on trade issues. The most recent instance of this was an arrangement completed in March that allows U.S. contractors access to large Japanese projects.

Tokyo later stated that the agreement would be applied multilaterally on the basis of reciprocity. But Europeans, reflecting a lingering sense of vulnerability, are reluctant to accept the principle as a regular feature of the international trading system.

Mr. Takeshita's first European tour as the leader of Japan is also viewed as a personal challenge. Although he is considered more resilient and inward-looking than Yasuhiro Nakasone, his predecessor, he is clearly eager to follow Mr. Nakasone in forging friendships with his counterparts.

Mr. Takeshita's success in this, diplomatic analysts suggest, will be taken as a measure of his ability to build on Mr. Nakasone's foreign policy initiatives, which were broadly intended to advance Japan's role as a global power.

Concern among aides has focused on Mr. Takeshita's meeting

Wednesday with Prime Minister Margaret Thatcher of Britain.

Reflecting the importance Mr. Takeshita places on his stop in Britain, he has chosen London to deliver what is intended to be a major speech on Japanese plans to increase its global contributions.

Mrs. Thatcher was an aggressive critic of Japanese trade policies last year, when Tokyo appeared to stall in granting Cable & Wireless P.L.C., the British communications giant, access to the Japanese market.

Although London's mood has since shifted, partly because Cable & Wireless was eventually allowed to participate in a joint venture in Japan, Mrs. Thatcher may raise a number of irritants in the meeting.

Chief among them is Japan's failure to enforce a ruling last year by the General Agreement on Tariffs and Trade, which called for reduced taxes on imports of alcoholic beverages. British whisky is taxed in Japan at about seven times its domestically produced equivalent.

In an interview with Japanese journalists in London last week, Mrs. Thatcher also emphasized the need for improved access to Japanese financial markets. The overall tone of her remarks was taken here to reflect the cautious optimism with which Mr. Takeshita is likely to be greeted.



Prime Minister Noboru Takeshita and his wife, Naoko, presenting Pope John Paul II with a Japanese doll after talks at the Vatican. Mr. Takeshita has started an 11-day tour of Europe.

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## James McCracken, Dramatic Tenor From U.S., Dies at 61 After Stroke

By Will Crutchfield  
*New York Times Service*  
NEW YORK — James McCracken, 61, the most successful dramatic tenor ever produced by the Metropolitan Opera in the 1960s and '70s, died here Saturday. He had had a stroke April 12, and suffered a second stroke Friday night.

Mr. McCracken had recently been pursuing his third Met career. He made his debut at the house in 1953 as the toy vendor in "La Bohème" but left in 1957 because the management would not give him a chance at leading roles. He returned in triumph as Otello in 1963 but left again in 1978 because the management would not give him a chance at television.

Fences were mended, and he participated in the house's centennial gala in 1983, returning later for "Aida" and "Pagliacci." He was to have sung in "Il Trovatore" in the final weeks of the season just con-

cluded, but was ill and canceled his performances.

He was born in Gary, Indiana, on Dec. 16, 1926. He studied at Columbia University and supported himself by chorus singing in New York, often on Broadway, while working toward an operatic career.

Mr. McCracken's voice had an easy ring that carried over big orchestras and filled large auditoriums, and his technique proved equal to the test of sustaining a career that lasted more than 30 years, most of it at the top of his profession. He almost always gave performances of high energy and commitment.

Mr. McCracken was married to the mezzo-soprano Sandra Warfield.

Other Deaths  
Paolo Stoppa, 81, for years one of the foremost Italian stage and screen character actors, Sunday of complications from leukemia at his

house in Rome. His film credits included "Becket" (as Pope Alexander III), "Behold a Pale Horse" and "Once Upon a Time in the West."

Lord Brockway, 99, socialist, pacifist, member of Parliament and political writer who was a friend of George Bernard Shaw and who championed Indian independence and African nationalism, Thursday in Watford, near London.

Rim Chun Chu, 76, one of three vice presidents of North Korea, Wednesday after a long illness, the North Korean Central News Agency reported in a dispatch monitored in Tokyo.

Wallace E. Johnson, 86, who in 1953 with Kemmons Wilson Jr. founded the Holiday Inns hotel chain, Wednesday of a heart attack in Memphis, Tennessee.

Christina Paolozzi Bolina, 49, a former model who was an international social figure in the 1960s, Wednesday night of a brain tumor at her home in New York.

## Birth Defects Tied to Drug For Psoriasis

*New York Times Service*  
NEW YORK — A drug to treat psoriasis, a chronic skin disease, is probably even more likely to produce birth defects than the anti-acne drug Accutane, experts warn.

Scientists and U.S. officials said that the drug, sold as Tegison, is closely related to Accutane. They said seven cases of birth defects had been reported abroad, including ones in Brazil and West Germany, although none had been reported in the United States, in which Tegison was licensed in December 1986.

The experts called for restrictions on the distribution of Tegison like those the Food and Drug Administration suggested last week for Accutane, which is said to have caused hundreds of babies to be born with severe birth defects.

The scientists say Accutane and Tegison are only the first of many related compounds now under study that may prove effective against serious skin diseases and in treating or preventing cancer but that may endanger fetuses.

Tegison, like Accutane, is produced in the United States by Roche Laboratories of Nutley, New Jersey, a subsidiary of F. Hoffmann-La Roche & Co. of Switzerland. The drug is used to treat severe cases of psoriasis.

Tegison carries a warning that it has not yet been determined how long a woman must avoid pregnancy after taking the drug.

## Ancient Tools Are Found in Sahara

By Boyce Rensberger  
*Washington Post Service*  
PHOENIX, Arizona — Under the vast sands of the Sahara, an archaeologist working for the U.S. Geological Survey has discovered a wealth of evidence that humans lived in the area 150,000 to 300,000 years ago.

A few test pits dug into the sand have turned up hundreds of stone tools lying on ancient land surfaces now blanketed by the sand of a North African desert that has been spreading for thousands of years.

William P. McHugh, an archaeo-

logical consultant brought in by the Geological Survey, said here Thursday at a meeting of the Society for Africanist Archaeologists in America that the discoveries, along with other evidence, prove that the Sahara was once a wet-watered and forested tropical habitat where bands of Stone Age hunters and gatherers thrived.

East Africa is known to have been such a place because anthropologists have found stone tools and skeletal remains of ancient peoples. The new finds support the supposition that early humans

probably lived throughout Africa, even though their bones may not have been preserved.

The discovery of the stone tools resulted from an earth-scanning radar experiment carried aboard a space shuttle flight in 1981. The radar was designed to look through the sand for hard surfaces. The radar disclosed vast networks of dry river channels below the sand.

Ingers constructed by computer from the radar data effectively made the sand transparent and showed patterns that looked like branching riverine channels, with main streams and tributaries.

In subsequent expeditions to sites around the Egypt-Sudan border covered by the radar images, geologists from the Geological Survey dug into the sand and discovered the ancient land surfaces. At depths from a few inches to a few feet, they found the stream beds, complete with water-worn pebbles on the bottoms.

Although geologists found a few stone tools at that time, they did not turn up large numbers of them until last year, they reported.

Many types of stone tools were found, including hand axes, which were made of chipped stones, about the size of a hand and in the shape of a flattened tear drop.

Hand axes have been found in large numbers in all parts of the world inhabited by Homo erectus, the species of human immediately ancestral to Homo sapiens. The oldest hand axes are about 1.5 million years old and the newest are about 100,000 years old.

## Chief Investigator Of Chernobyl Accident Dies

*The Associated Press*  
MOSCOW — Valeri A. Legasov, 52, the head of the commission that investigated the Chernobyl nuclear accident, died Wednesday, a day after the second anniversary of the disaster, Soviet news media announced.

The reports, on Friday, did not give the cause of Mr. Legasov's death. It was not known if he was exposed to dangerous levels of radiation while investigating the explosion and fire at the Chernobyl plant, 130 kilometers (80 miles) north of Kiev, the Ukrainian capital.

The Soviet leader, Mikhail S. Gorbachev, and other top officials, as well as leading scientists, signed Mr. Legasov's obituary.

His foreign colleagues in the nuclear power field had praised Mr. Legasov's openness in discussing the causes and effects of the accident.

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Netherlands Fl.	660	40	365	33	200	27
Norway (air) N.Kr.	2,000	39	1,100	33	600	27
— (hd. del.) N.Kr.	2,500	24	1,400	15	700	15
Portugal Esc.	26,000	51	14,300	46	7,900	40
Spain (air) Ptas.	31,000	41	17,000	36	9,400	29
— (hd. del.) Ptas.	45,240	—	22,620	—	11,310	—
Sweden (air) S.Kr.	2,000	39	1,100	33	600	27
— (hd. del.) Skr.	2,500	24	1,400	15	700	15
Switzerland S.Fr.	510	44	280	38	154	32
Rest of Europe, N. Africa, former Fr. Africa, Middle East \$	470	Varies by country	260	Varies by country	145	Varies by country
Rest of Africa, Gulf States, Asia \$	620		340		190	

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# Israeli Army SKILLS: Lessons for U.S. Workers Suspend Officer After Arab Is Slain

**The Associated Press**  
JERUSALEM — The Israeli Army suspended an officer Sunday after his troops shot and killed a Palestinian during a stone-throwing demonstration in the occupied West Bank.

An army spokesman said soldiers shot at Palestinian demonstrators who stoned them as they moved in to clear away roadblocks, burning tires and Palestinian flags in the village of Fakus.

One of the protesters died, the army reported.

The army suspended the officer in command of the patrol, said the spokesman, who spoke on condition of anonymity under army regulations.

Military sources said they were investigating whether the soldiers under the officer's command had been too quick to fire live ammunition.

Israeli Arabs in the town of Nazareth dedicated a May Day parade to the Palestinian uprising, which began in December, in the occupied West Bank and Gaza Strip.

Thousands of Arabs gathered in Nazareth, waving red flags. Some carried banners that read, "Palestine, two countries for two peoples."

"Down with the government of killers," some shouted.

(Continued from Page 1)  
much money companies lose as a result of undereducated employees. But many education researchers and economists say the lack of basic literacy and mathematical skills has caused costly mistakes, reduced productivity, increased the need for supervision and led to accidents.

Companies that have begun educational programs say the efforts are paying off. A case in point is a General Motors Corp. plant in Rochester, New York, that employs about 4,500 people.

In the mid-1980s, General Motors switched the plant's main product from carburetors to fuel-injection systems. "When we started training the work force for the transition, we learned that basic skills had to be upgraded," said Michael Chapman, the plant manager.

The company, in conjunction with the United Automobile Workers, began a program that offered high school equivalency training, basic reading and writing courses and classes in English as a second language. The program, conducted through two public school systems, started in May 1986. More than 500 employees have participated.

The program not only helped employees better understand the retraining but also improved their productivity. The cost of the plant declined 15 percent in the year that ended in September 1987. "I can't say the training was directly responsible, but I know very well that it was responsible for a portion of it," Mr. Chapman said.

As employees improved their ability to perform simple measurements and read and comprehend simple work instructions and manuals, the plant cut its costs by "reducing scrap, reducing rework, and

in general doing it right the first time," Mr. Chapman said.  
Lyle C. Jensen, principal of the Alternative School, where many of the Motorola employees took high school equivalency courses, said: "It's done wonders for their self-esteem. These were very talented people who just never had the chance to finish school."

While many companies are educating employees, others seem to be trying to deal with the problem by figuring out ways to make tasks less dependent on an employee's reading and mathematical skills, a development that worries some educators.

Eunice N. Askov, director of the Institute for the Study of Adult Literacy at Pennsylvania State University, tells of one plant where employees frequently botched assignments because many could not perform simple measurements. The company responded by asking workers to use strings marked for various lengths, which solved the problem but did nothing to improve their skills.

## U.S. Seizing All Ships With Narcotics Aboard

**The Associated Press**  
MIAMI — The Reagan administration has toughened its drug enforcement policy by allowing the Coast Guard to seize any ship on which even a small amount of narcotics is found, according to Transportation Secretary James H. Burnley 4th.

Since the policy began April 11, the Coast Guard has confiscated nine vessels that would not previously have been held, officials said.

## FRANCE: No Le Pen Help

(Continued from Page 1)  
feating the prime minister by an overall 55-to-45 margin.

The need to fish in the National Front's waters has split Mr. Chirac's Gaullist party, the Rally for the Republic, with moderates favoring an aloof stand toward the Le Pen organization and rightists openly wooing it. Interior Minister Charles Pasqua, a Gaullist hardliner, has said in a magazine interview that the National Front "lays claim to the same preoccupations, the same values" as the Rally for the Republic.

The moderates contend in private that blatantly courting the National Front will be suicidal for Mr. Chirac, whose main goal now is to avoid being routed by President Mitterrand and thus forfeiting his status as leader of the conservative opposition. The prime minister, in this calculation, must push his score up to a respectable 48-to-49 percent of the second-round vote.

In an ideological fusion characteristic of the populist coalition he leads, Mr. Le Pen's rally on May Day celebrated both blue-collar voters and Joan of Arc, a French symbol of resistance to foreigners. "Joan for France" read a big placard behind the National Front leader.

"We are twice as strong as the Communist Party," Mr. Le Pen boasted. "Those who have voted for us are not at the fringes of society. They are the avant-garde of the French people, an avant-garde that must now be organized."

As he spoke, some 40,000 trade unionists wound their way through Paris in two traditional May Day marches. The union members carried banners denouncing Mr. Le Pen and the National Front, and some Third World workers wore yellow stars saying "immigrant" — an echo of the insignia that Jews were forced to wear in Nazi Germany.

The Le Pen rally drew a mixture of middle-class Parisians, supporters who were bussed in from other cities and a considerable number of youths who waved flags and shouted cheerily for their champion. The combination of the opposing rallies and huge police reinforcements paralyzed the heart of Paris for most of the day.

## Swiss Song Is Winner Of Eurovision Contest

**Reuters**  
DUBLIN — Switzerland has won the 33rd Eurovision Song Contest, with its entry, "Ne Partez Pas Sans Moi" ("Don't Leave Without Me"), sung by Celine Dion of Montreal.

The music to the song was composed by Attila Seresztug, and its lyrics were written by Nella Martini.

## DUKAKIS: Is His Foreign Policy Stance Carter-Like or Kennedyesque?

(Continued from Page 1)  
and a Harvard Law School classmate of the governor. Mr. Sarbanes is one of several Democratic members of Congress who are informally advising Mr. Dukakis.

One Dukakis adviser who does not instantly reject all links to the Carter foreign policy is Madeleine Albright, who for more than a year has been Mr. Dukakis's senior foreign policy adviser. Professor Albright, 50, who teaches international relations at Georgetown University's School of Foreign Service, served on Mr. Carter's National Security Council staff.

"I think the record will show that Jimmy Carter had a good foreign policy and that human rights should be our foreign policy," she said. "A policy of reflecting American values is the best of Carter and the best of Mike Dukakis."

She agreed that Mr. Dukakis's views on foreign policy are still evolving under the tutelage of a wide array of academic and other experts. The Dukakis campaign has not identified these advisers, but they include Graham Allison, dean of Harvard University's John F. Kennedy School of Government, and two Kennedy School faculty members: Joseph Nye, who was in charge of the Carter administration's nuclear non-proliferation policy, and Robert Murray, an assistant secretary of defense under Mr. Carter.

Fearful of too close an association with Harvard and the Kennedy School, where Mr. Dukakis

taught courses on domestic policy between his first and second terms as governor, the campaign is seeking advice from a broad range of experts.

Like Mr. Carter and Mr. Reagan, Mr. Dukakis would come to the presidency with no firsthand experience in the conduct of foreign policy, a fact that Mr. Bush is already trying to exploit as he extols his own foreign policy credentials.

Nor is Mr. Dukakis especially well traveled for someone of his age and position.

As a college student, he lived for a summer in Peru and visited Mexico, and he served for more than a year in the army in South Korea. He has also visited Canada, Sweden, Ireland, Greece and Israel, and he led Massachusetts trade delegations on trips to several countries in the Far East, including China and Japan.

But there are large parts of the world — including Africa, the Arab countries of the Middle East, the Soviet Union and much of Western Europe — where Mr. Dukakis has never set foot.

Offsetting these limitations, his friends say, are some clear-cut advantages. One is a natural gift for languages: he is fluent in Spanish and has a working knowledge of Greek and French.

Another strength, according to Mr. Dukakis's allies, is a proven record as the manager of a large government enterprise — the state of Massachusetts. This is regarded

as an important credential for the job of guiding the federal government's huge foreign policy and national security bureaucracies.

In his foreign policy speeches, Mr. Dukakis has described a "multipolar world" that neither the United States nor the Soviet Union can hope to dominate.

He emphasizes the importance of U.S. relations with its allies and the developing nations of the Third World. But the U.S.-Soviet relationship remains central to American foreign policy and Mr. Dukakis would present an attitude far different from Mr. Reagan's "evil empire" point of view.

Mr. Dukakis rejects an explicit link between the U.S. military buildup under Mr. Reagan and Soviet willingness to negotiate new arms control agreements, a view that is certain to be sharply disputed by Mr. Bush in the fall. Instead, he sees a new generation of Soviet leaders acting under the economic pressure that the arms race has imposed on both superpowers.

"Mikhail Gorbachev and the people around him appear to reflect a real change — a new generation of Soviet leaders, more pragmatic, less ideological, leaders who have inherited a nation on its way to becoming a third-rate economic power," Mr. Dukakis said at Georgetown University last fall.

He has proposed that the United States test Mr. Gorbachev's intentions across a range of issues beginning with arms control. His goals

include at least a 50 percent reduction in strategic nuclear weapons, a comprehensive nuclear test ban and a mutual end to ballistic missile test flights.

Even without a new strategic arms control accord, Mr. Dukakis has strongly suggested that he sees no need for expensive new nuclear weapons systems.

Specifically, he would scale back the Strategic Defense Initiative to its pre-1983 research and development levels. He would deploy no more MX missiles and opposes development of the Midgetman single-warhead missile. Mr. Dukakis would continue development of the D5 advanced Trident submarine ballistic missile, but he clearly sees its deployment as a bargaining chip in negotiations with the Soviet Union.

On various regional issues, Mr. Dukakis has not strayed from the Democratic mainstream position. He is adamantly opposed to aid to the anti-Saoudi rebels and strongly supports the Arias peace plan. Like other Democratic candidates, Mr. Dukakis has called for a debt relief program for the countries of Latin America.

In the Middle East, his approach is conventional and strongly pro-Israel, but he promises an activist diplomacy in the region.

Mr. Dukakis also supports stronger U.S. sanctions against South Africa, although he has not detailed what these should be.

## KABUL: For Afghan Leader, Widespread Symptoms of a Dying Regime

(Continued from Page 1)  
press conference Thursday, he sat high above his audience on a raised dais, like a king addressing his subjects. A bulk of a man with a surprisingly soft voice, he seemed supremely confident as he responded to questions about every conceivable political and military aspect of his realm.

Later that same night, however, a reminder of another reality hit reporters gathered in Kabul for celebrations of the takeover anniversary. Just before midnight, four 122mm rockets fired by anti-government guerrillas crashed into the city.

The view that General Najib is living in a dream world and that his own political demise has begun is shared by most Reagan administration analysts in Washington and echoed at the U.S. Embassy in Kabul.

Even a brief visit to Kabul lends credence to it. A capital city where airplanes must carry out corkscrew maneuvers while approaching the airport and where Soviet helicopters fire off flares in hopes of misdirecting anti-aircraft missiles does

not inspire great confidence about its security.

Travel out of the capital in every direction is fraught with danger. The shock effect on the Kabul government of the loss of even one major provincial city will be tremendous, this view holds, setting off a political earthquake inside the ruling party and a landslide of defections from the Afghan Army.

One result could be a political "implosion" inside the party, with its two rival factions, the Parcham and Khalq, turning on each other in a last-minute power struggle.

The Soviet Union has supported the more moderate Parchamis, including General Najib and Babrak Karmal before him. But as Soviet troops leave and Soviet influence wanes, the Parcham hold on power is expected to weaken and the Khalq partisans to take advantage of it.

However, there are other Western analysts in Kabul who foresee quite a different series of events in the coming months — a view shared by most Eastern diplomats and General Najib himself. It seems.

He has proposed that the United States test Mr. Gorbachev's intentions across a range of issues beginning with arms control. His goals

bogged down in intra-faction feuding, fragmenting their forces and allowing the Kabul government to make a deal with some of them.

Once the Soviet presence is no longer a rallying point, the argument goes, the commanders of the resistance with primarily local ambitions will lose interest in storming the gates of Kabul and settle for assured power to their own local fiefdoms.

According to Yuri Gankovsky, a Soviet specialist on Afghanistan, there are perhaps 2,000 local commanders — basically tribal leaders with only loose connections to the resistance — who control a third of the country, about as much as the resistance does.

The rebels "are not the North Vietnamese," remarked one diplomat. "They are not even the Viet Cong. There is no Ho Chi Minh or charismatic leader among them."

The gloomiest assessment heard these days is that Afghanistan will end up as "another Lebanon, a medieval Lebanon," with Afghanistan broken up into semi-autonomous fiefdoms with local rulers only loosely attached to Kabul.

## POLAND: Walesa Urges Support for Steel Strikers

(Continued from Page 1)  
demonstrations appeared more extensive, spreading to towns such as Plock and Przemysl that have not seen major protests for years.

In Warsaw, thousands of demonstrators gathered in front of two churches to attend Mass and hear opposition groups offer statements of support for the strikes and calls to action at plants in the capital. At one church, several demonstrators were beaten by plainclothes policemen but a large crowd dispersed peacefully after appeals by priests and opposition leaders.

Mr. Walesa, who led the 1980 strike at the Lenin shipyard in Gdansk that gave rise to Solidarity, challenged workers to "show me what you can do" to support the steelworkers.

"I demand from you solidarity with the Nowa Huta strikers tomorrow in your shipyards, in your ports and in your factories," Mr.

Walesa said, speaking in a Gdansk square. "If you have an army, General Lech Walesa is at your disposal."

The statement was the strongest call to action Solidarity has made to workers since the beginning of the strikes on April 25. Throughout the last week, union leaders have expressed support for striking workers and threatened to call new strikes if force was used against them. But they have avoided direct calls for new stoppages.

The strike in the Lenin mill and another settled Saturday in a mill at Stalowa Wola in southeastern Poland have been led by workers sympathetic to Solidarity, but the actions have focused on demands for pay increases rather than calls for broader reforms.


General Jaruzelski's government has repeatedly warned that the pay demands were excessive and could lead to an inflationary spiral or

collapse of the domestic market. But managers have given in to demands for wage increases of 50 percent and more in two of the three main strikes, and government officials are preparing new tax regulations that will allow companies across the country to meet similar payroll increases.

The general, who managed the suppression of Solidarity under martial law as well as severe economic austerity in 1981-82, invoked Sunday the "memorable era of vinegar on store shelves" in 1981, when the combination of strikes and wage increases emptied Polish shops.

However, Polish analysts said the general's approach suggested he preferred for now to risk further inflation rather than mount a police crackdown on the striking workers that might provoke other walkouts and damage the government's image abroad.

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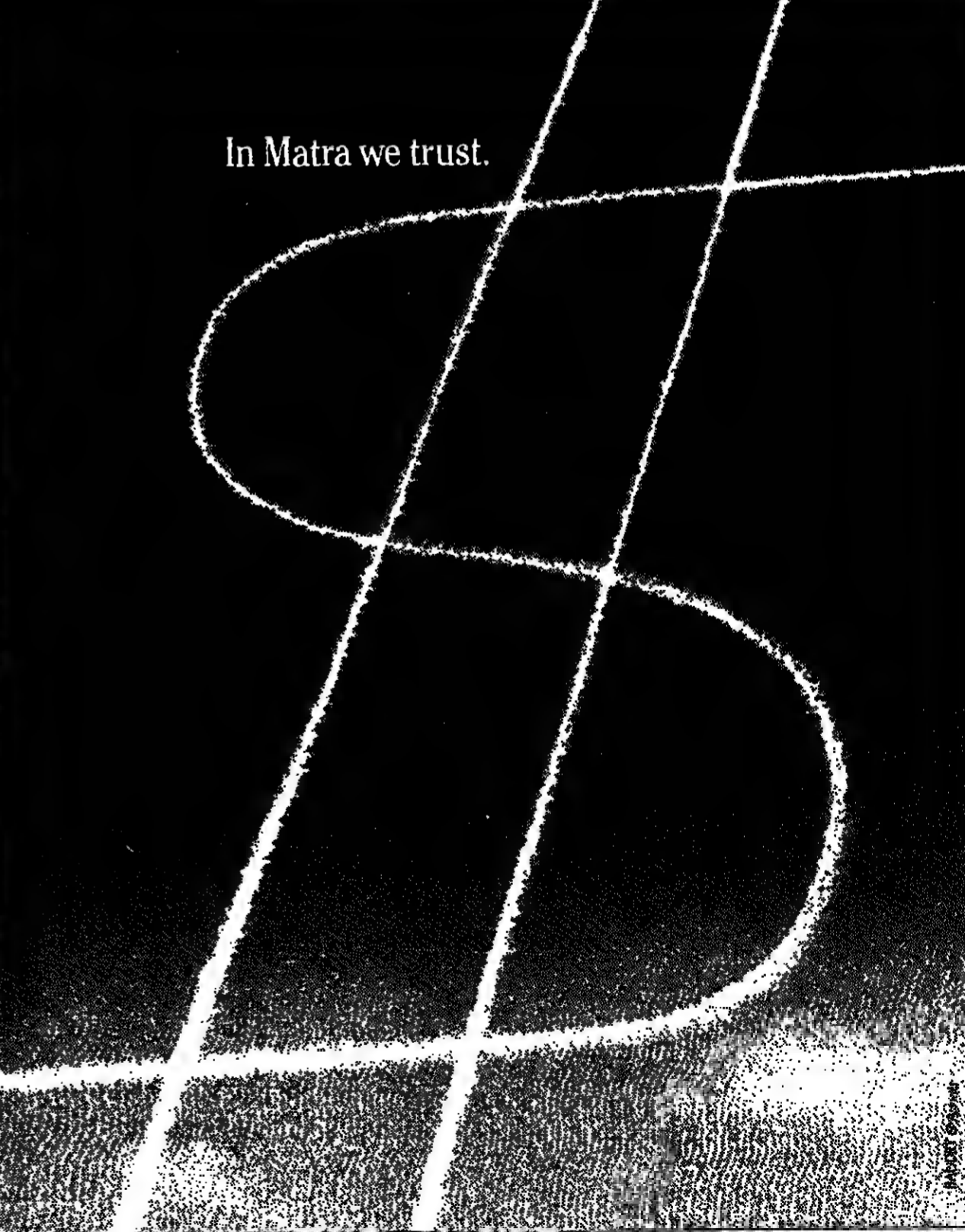
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Herald Tribune

About Burden Sharing

Look, says America's presidential candidates: Our allies prosper while the United States strains to provide far more than its share of the common defense.

Unsettled Alien Business

A Senate vote on Thursday ended efforts to extend the amnesty program authorized by the 1986 immigration law.

Survival of the Unfitter

There was a classroom experiment at an elementary school in New Jersey in which two white rats were fed different types of food to order to show the children the effects of diet on health.

Other Comment

Acid Rain Will Keep Falling: "There will be no action on acid rain while President Reagan is in office."

Solidarity: The Important Thing Is Poland

By Anthony Lewis

WARSAW — The Polish government remains unwilling to give any recognition or legal rights to Solidarity, the union movement it outlawed.

The Only Hope Left for Eastern Europe Is a Miracle

By Zdzislaw M. Ruracz

WASHINGTON — I regret to say that I do not believe there is a future for Eastern Europe other than Soviet domination in a sort of "Super Soviet Union."

Pretoria Belongs on Washington's Terrorism List

By Michael Maren

NEW YORK — On April 7, Albie Sachs, a white South African lawyer who had been an active opponent of apartheid, was seriously injured to a bomb explosion as he opened the door of his car outside his home in Maputo, Mozambique.

Pressure Is Mounting in South Africa

By Robert H. Phinny

PALM SPRINGS, California — The much-publicized restrictions on South Africa's press are obscuring a fast-moving change: the sharp increase in the pressure being put on the government there by individuals and groups opposed to apartheid.

The Verdict In Manila Is 'Maybe'

By Flora Lewis

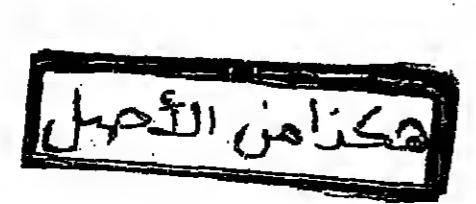
MANILA — The euphoria of a bloodlessly ousted dictator a little over two years ago has worn off, and the grumbles have resumed.

President Aquino faces threats from right and left. Which is considered more urgent depends on who is speaking.

towns. Farmers have been gunned down in their fields and doctors have been murdered in hospitals.

100, 75 AND 50 YEARS AGO

1888: Canada Explored: NEW YORK — Lord Selkirk has been heard from several hundred miles north of Green Lake in company with Indian guides.





FROM AIR CONDITIONING

TO AIR WAVES

MONDAY, MAY 2, 1988

ماذا عن الاصل

TO AIR WAVES

In Touch with Tomorrow  
**TOSHIBA**

Page 7

**EUROBONDS**  
**Amid Interest-Rate Gloom,  
 New Issues Stay Strong**

By CARL GEWIRTZ  
*International Herald Tribune*

PARIS — Rising interest rates soured virtually all sectors of the Eurobond market last week. But new-issue volume, although sharply reduced, remained surprisingly robust, given investors' unwillingness to make new commitments. The gloom, although focused on the U.S. dollar, hit other sectors as well, particularly the Deutsche mark.

The only sectors to escape the trend were Australian dollars, but the recent glut of issuing activity there kept last week's volume of business to a minimum; issuing activity was also restrained in Japanese equity-linked issues because of national holidays last week and this week.

In an effort to lure reluctant investors to buy dollar bonds, last week's issues were all short-dated. Procter & Gamble and Swedish Export Credit issued one-year paper, and Denmark, General Electric and Scandinavian Airlines System offered three-year maturities.

Short-dated paper is less vulnerable in an environment of rising interest rates. As most analysts had predicted, U.S. rates are rising. The yield on the 30-year Treasury bond climbed to 9.10 percent last week, up from 8.99 percent a week earlier as bond prices fell in anticipation of increasing U.S. inflation.

Potential dollar investors are concerned not only about interest rates but also about the dollar's exchange rate. Last week, the dollar held relatively stable. But the prevailing view is that this cannot last for long as the projected rate of U.S. economic growth is not compatible with the necessary further reduction in the trade deficit.

As a result, last week's dollar issues, which provided very favorable terms for the borrowers, were not regarded as compelling by investors. Procter & Gamble, for example, issued \$100 million of 7% percent paper at 100% and swapped the proceeds into floating rate dollars for an all-in cost of money of 33 basis points below the level of 90-day commercial paper in New York.

**Pessimism focused on the U.S. dollar, but hit the Deutsche mark as well.**

**S**WEDISH Export Credit swapped its \$200 million of 7% percent paper, also priced at 100%, into floating rate dollars at a cost of 60 basis points below the London interbank bid rate.

For investors, the terms were pegged to be competitive with what is available in the Euro-commercial paper market, a yield of some 15 basis points below Libid on the Swedish issue. Theoretically, the Eurobond should have the edge over CP since the bond can be traded more easily. The problem is that CP investors are not looking for liquidity as much as tailored maturities to fit their own management of assets and liabilities.

Procter & Gamble, priced even less generously than Swedish Export, faced an additional impediment in competing with the Euro-CP market because investors actively prefer sovereign or state-owned issuers to U.S. corporates.

Among the longer dated issues, only the SAS paper fared well as investors were attracted by the warrants to buy 94 percent bonds due in 2003. They were deemed an attractive gamble in the event interest rates drop sharply over the next three years. The warrants, offered at \$18, ended the week at 18 1/2-20 1/2, while the \$100 million of 8 1/2 percent notes issued at 101 1/4 ended the week at a discount of 1 1/4.

GE, which set a coupon of 8 1/4 percent on its \$300 million issued at 101 1/2, finished the week at a discount of 1.85, well outside the 1 1/2 percent fees paid to underwriters.

The Deutsche mark issues also fared badly. The German economy is expanding more rapidly than had been expected; a recent inflation measure signaled an increase of 1.1 percent this year — small by comparison to elsewhere, but up from less than 1 percent last year — and central bank officials again are warning of the need to tighten monetary policy.

All this fueled a sell-off in the domestic market last week, driving 10-year yields on government bonds to 6.4 percent.

Analysts said that the market's reaction was a gross exaggeration and that once the dollar started to fall again — by autumn at the latest, they say — the high real return on DM assets will pull foreign money back into the country, causing interest rates to retreat.

In the meantime, however, there is not much appetite for DM bonds, and last week's relatively heavy flow of issues met a hostile reception.

Nederlandsche Middestandsbank issued 200 million DM that faced a double obstacle: the 10-year maturity was much too long, and bank paper, especially subordinated paper, is shunned. The bonds were quoted at a discount of 3.1 points.

State-owned Nordic Investment Bank's 200 million DM of five-year paper might have just been manageable with a coupon of 4 1/2 percent, but the accompanying currency warrants turned off potential underwriters as well as investors. The 20 warrants

See BONDS, Page 9

**Currency Rates**

Cross Rates	Apr. 29	Apr. 29	Apr. 29	Apr. 29	Apr. 29
Amsterdam	1.8715	1.7215	1.7215	1.7215	1.7215
Bremen	1.8715	1.7215	1.7215	1.7215	1.7215
Frankfurt	1.8715	1.7215	1.7215	1.7215	1.7215
London (10)	1.8715	1.7215	1.7215	1.7215	1.7215
Milan	1.8715	1.7215	1.7215	1.7215	1.7215
New York	1.8715	1.7215	1.7215	1.7215	1.7215
Paris	1.8715	1.7215	1.7215	1.7215	1.7215
Tokyo	1.8715	1.7215	1.7215	1.7215	1.7215
Zurich	1.8715	1.7215	1.7215	1.7215	1.7215

**Last Week's Markets**

Stock Indexes	Apr. 29	Apr. 22	% Chg.	Money Market	Apr. 29	Apr. 22	% Chg.
United States	2,622.33	2,615.09	+0.28%	Discount rate	6	6	0%
DJ Industrials	1,764	1,767	+0.15%	Federal funds rate	8 1/2	8 1/2	0%
DJ Transp.	420.00	417.57	+0.58%	Prime rate	9 1/2	9 1/2	0%
S & P 500	247.74	246.57	+0.47%	3-month	3 1/2	3 1/2	0%
S & P 100	247.74	246.57	+0.47%	6-month	3 3/4	3 3/4	0%
S & P 500	247.74	246.57	+0.47%	9-month	3 3/4	3 3/4	0%
NVSE Co.	147.14	147.03	+0.07%	12-month	3 3/4	3 3/4	0%
FTSE 100	1,802.20	1,771.40	+1.73%	3-month Eurodollar	1,299	1,298	+0.08%
FTSE 250	1,443.70	1,411.40	+2.29%	6-month Eurodollar	1,297	1,295	+0.16%
DAX	27,434.72	26,371.72	+2.23%	9-month Eurodollar	1,297	1,295	+0.16%
Nikkei 225	27,434.72	26,371.72	+2.23%	12-month Eurodollar	1,297	1,295	+0.16%
West German	1,556.20	1,377.40	+1.54%	3-month Swiss franc	1,297	1,295	+0.16%
Japanese	2,622.33	2,615.09	+0.28%	6-month Swiss franc	1,297	1,295	+0.16%
Commerzbank	2,622.33	2,615.09	+0.28%	9-month Swiss franc	1,297	1,295	+0.16%
Bank of Tokyo	2,622.33	2,615.09	+0.28%	12-month Swiss franc	1,297	1,295	+0.16%
Hong Kong	2,622.33	2,615.09	+0.28%	3-month Hong Kong dollar	1,297	1,295	+0.16%
Hong Kong	2,622.33	2,615.09	+0.28%	6-month Hong Kong dollar	1,297	1,295	+0.16%
World	2,622.33	2,615.09	+0.28%	9-month Hong Kong dollar	1,297	1,295	+0.16%
MSCI	2,622.33	2,615.09	+0.28%	12-month Hong Kong dollar	1,297	1,295	+0.16%

**Irving: A Hard Fight Appears Lost**

By Michael Quint  
*New York Times Service*

NEW YORK — For more than a decade, Bank of New York Co. and Irving Bank Corp. have eyed one another, wondering if a combination might restore their fading status in the big league of banking.

In the mid-1970s, when Irving approached us, we were not interested," said J. Carter Bacot, then president of Bank of New York and now its chairman. "We did not see a good fit, since they were in a foreign expansion strategy, and our plan was for domestic expansion."

Irving then one of the 10 largest banks in the United States, followed the protocol of the day and did not press its attentions where they were not wanted. Each went its own way, content to stick with a few profitable — and often similar — riches rather than pushing hard to become giant, full-service global banks.

But protocols change, and when Mr. Bacot and Bank of New York decided in September that Irving preferred independence, Mr. Bacot saw in Irving a bank with no severe problems and a mix of business, especially in the low-risk field of securities processing, that would become even more profitable once duplicated efforts ended.

Now, after seven months of lawsuits, proxy fights and combative press releases, Bank of New York seems close to winning its prize.

On Friday, Irving shareholders will vote on whether to accept the Bank of New York's nominees to Irving's board. At last count, 54 percent of Irving's shares had been tendered to Bank of New York in response to its \$1.1 billion bid.

Those tenders were a good, but not conclusive, sign that shareholders would be disposed to vote for Bank of New York's nominees, and virtually insure acceptance of the merger. That conclusion was reinforced last week when Irving's preferred suitor, Joseph Rice, Irving chairman, announced "doesn't affect our bid one iota."

He said the bank's calculations, based on information provided by Irving to the Federal Reserve Board, indicate that the after-tax gain from the sale of the Swiss bank stake should be in the range of \$30 million to \$50 million. An Irving spokesman contended that estimate, saying the after-tax gain would be around \$100 million.

Bank of New York said it believed that "in its haste to sell the Swiss bank, the Irving board may have failed to obtain the maximum possible price, and that another, unidentified New York bank might have paid more."

See BANK, Page 11



Joseph Rice, Irving chairman.

**Stake in Swiss Bank Sold for \$390 Million**

Compiled by Our Staff From Dispatches

NEW YORK — Irving Bank Corp. on Friday announced the sale, for \$390 million, of its 39 percent interest in a Swiss bank. The proceeds will help finance Banca Commerciale Italiana's friendly tender offer for Irving.

Irving said the sale of the stake in Lugano-based Banca Della Svizzera Italiana to Unigestion SA, a Swiss financial company, would result in a pretax gain of \$139 million — money that will be used to pay a \$10 special dividend to Irving's shareholders if the Banca Commerciale bid is successful. But a Bank of New York spokesman said the announcement "doesn't affect our bid one iota."

He said the bank's calculations, based on information provided by Irving to the Federal Reserve Board, indicate that the after-tax gain from the sale of the Swiss bank stake should be in the range of \$30 million to \$50 million. An Irving spokesman contended that estimate, saying the after-tax gain would be around \$100 million.

Bank of New York said it believed that "in its haste to sell the Swiss bank, the Irving board may have failed to obtain the maximum possible price, and that another, unidentified New York bank might have paid more."

(NYT, Reuters)

**Months After Fall, Foreign Money Still Shuns U.S. Stocks**

By John Meehan  
*International Herald Tribune*

NEW YORK — Cautious optimism has emerged recently on Wall Street, amid a litany of analytical explanations of why another stock market collapse is unlikely, but foreign investors do not share the optimism.

These predominantly Japanese and European investors, who became an influential force in U.S. equity markets in the months preceding the Dow Jones industrial average's 308-point plunge on Oct. 19, are now conspicuously absent from day-to-day dealings.

Preliminary U.S. Treasury data show net foreign equity purchases of only \$25 billion in January and February, a paltry sum compared with the \$9.8 billion recorded in the first three months of 1987.

Economists and market strategists worry that this reluctance to resume buying stocks could impair the ability of U.S. equity markets to sustain a recovery.

"They all got out after October and then they all sort of took the pledge against American stocks," said Byron Wein, chief investment strategist for Morgan Stanley & Co. "There has been some signs of interest but nothing major."

Future participation, he added, "could be critical to the market."

Economists emphasize that this distaste for stocks should not be confused with direct foreign investment, which remains strong. Many Japanese and European companies continue to scout the United States for corporate acquisitions, but this is of little consolation to those hoping to sustain a higher level of activity in the stock exchanges.

The foreigners' chief concerns are the dollar's fragility and persistent uncertainties about the U.S. economy, according to analysts. The dollar's sudden drop April 14 in response to disappointing trade figures, and the Dow's subsequent 101 point fall, reinforced a prevailing sentiment among portfolio strategists that the worst of October's aftermath is yet to come.

Indecisive, just last August, Wall Street analysts were applauding foreign investors for the currency side and some losses in the market," said Mr. Wein. "But they're not willing to lose money on both."

Experts agree that foreign capital alone will not be sufficient to lift the market out of its post-crash malaise. Many U.S. investors, such as individuals and mutual funds, have fared on the market, too. But the loss of foreign capital is keenly felt. Japanese and European institutions for only 13 percent of the volume on the New York Stock Exchange last year, but their influence was far greater than the numbers suggest.

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New International Bond Issues

Compiled by Laurence Desvillettes

April 29

Table of bond issues with columns for Issuer, Amount (millions), Mat., Coup. %, Price and weak, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

BONDS: Amid Interest Gloom, New Issues Stay Strong

(Continued from first finance page) An underwriting group was finally put together when banks were told they could earn full fees by committing to take bonds without any warrants.

Coming Treasury Refunding Has Bond Market Anxious

By H.J. Maidenberg New York Times Service NEW YORK — After opening weak prices of Treasury securities closed essentially unchanged in very light trading Friday.

GERMAN: Slow Growth Foreseen

(Continued from first finance page) An annualized rate of 8.3 percent in January-February, the Bundesbank said. The bank uses a two-month comparison to reduce statistical aberrations.

Campeau Turning Marks & Spencer IOUs Into Instant Cash

By Carl Gewirtz International Herald Tribune

PARIS — Campeau, the Canadian company that is buying and selling U.S. department stores, is tapping the international credit market for a 10-year loan using the IOUs received from selling Brooks Brothers to Marks & Spencer.

Federated CEO Leaving

NEW YORK Times Service NEW YORK — Howard Goldfeder, chairman and chief executive of Federated Department Stores Inc., has announced his resignation and his retirement on completion of the acquisition of Federated by Allied Stores Inc., which Campeau bought in 1986.



Howard Goldfeder

Federated grew to an \$11 billion retail company, from a \$7.6 billion operation in 1982. But he was faulted by some analysts for exposing Federated to acquisition because it underperformed some rivals.

Toshiba: Beating the Ban With U.S. Orchestration

In Most Intense Lobbying in Years, Dependent Companies Played Big Role

By Robert A. Rosenblatt Los Angeles Times Service WASHINGTON — It was only last July that eight sleight-of-hand members of Congress, in front of the Capitol, smashed a radio-cassette recorder to protest Toshiba's illegal sale of submarine technology to the Soviet Union.

Also assigned to the campaign from Mr. Garment's company was James R. Jones, a former Democratic representative from Oklahoma who once chaired the House Budget Committee.

TOSHIBA CORPORATION EXTENDS ITS DEEPEST REGRETS TO THE AMERICAN PEOPLE. Includes a small image of a Toshiba product.

The ad with which Toshiba began its effort to ward off a congressional ban on U.S. sales, and a chief lobbyist, James R. Jones, a former Democratic representative from Oklahoma.

The massive effort paid off. The sanctions approved by the Senate last year as part of the omnibus trade bill would have cost Toshiba \$2.5 billion a year by entirely shutting off its access to U.S. markets for five years.

Euromarts At A Glance

Table of Euromarts with columns for Country, Sales, etc.

Weekly Sales

Table of weekly sales for various markets.

Libor Rates

Table of Libor rates for different currencies.

Treasury Bonds

Table of Treasury bond yields.

U.S. Consumer Rates

Table of U.S. consumer rates.

Balfour Beatty International (UK) Ltd.

Advertisement for Balfour Beatty International (UK) Ltd. listing services and contact information.

INTERNATIONAL POSITIONS

Table of international job positions with columns for Title, Salary, and Employer.







OPEC: Iran Accuses Saudi Arabia and Kuwait of Stalling on Oil Cutbacks

(Continued from Page 1) ... on Saturday and supported by eight of OPEC's 13 members, was to cut OPEC production by 300,000 barrels a day in return for a cut of 183,000 barrels a day by seven independent oil producers as a token of their cooperation with OPEC.

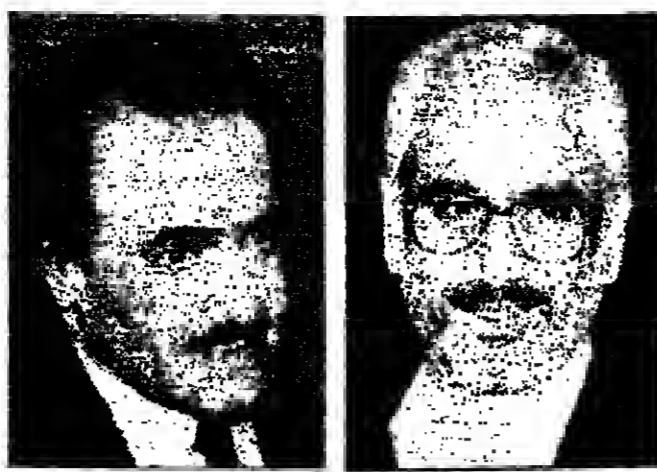
But the Saudi oil minister, Hisham Nazer, said his government would only agree to match the non-OPEC offer "barrel for barrel."

He said the oil cartel had already sacrificed too much of its production while the non-OPEC countries had contributed little to the effort to raise oil prices by limiting production in the last few years.

Mr. Nazer also told a closed session of OPEC oil ministers that the amount of production to be cut back must be divided equally among 12 of OPEC's 13 members, regardless of how much oil they produce. This would equate the sacrifice of large producers like Saudi Arabia, which pumps 4.3 million barrels a day, and small producers like Gabon, whose production is 150,000 barrels a day.

"This is ridiculous," said Gabon's oil minister, Etienne Mougava. "It amounts to blocking the accord and wasting a chance to cooperate with the non-OPEC countries."

Saudi Arabia seemed to be holding out for a larger cut by the independent oil producers. Asked if he would agree to make the OPEC production cut larger if the non-OPEC offer were bigger as well,



The Saudi oil minister, Hisham Nazer: He says his country will match non-OPEC production cuts only "barrel for barrel."



The Iranian oil minister, Gholamreza Azghader: His country sees "flagrant treachery" in the Saudi stand at the OPEC talks.

OPEC and non-OPEC producers last week had raised market expectations of a powerful new alliance to control output and sent oil prices up almost \$2 a barrel.

But as OPEC ran into obvious problems over how to respond to the non-OPEC offer, prices quickly fell back, and the widely traded North Sea Brent crude had slipped below \$17 a barrel again by the close of markets on Friday.

At the New York Mercantile Exchange on Friday, June contracts for West Texas Intermediate, the benchmark U.S. crude, settled at \$17.95 a barrel, down 3 cents from Thursday.

The Saudis said Sunday that OPEC had progressively reduced its production over the last few years so much that it was now the obligation of the non-OPEC oil producers to cut their output if they wanted to see higher prices.

The seven independent oil producers—Egypt, Mexico, Malaysia, Angola, Oman, China, and Colombia—had asked that OPEC cut at least two barrels of oil a day for every barrel they offered to cut.

They argued that OPEC was richer than they are, and that the cartel exported much more oil than they do. The seven independent producers pump a total of 8.5 million barrels of oil a day.

They argued that more talks could induce the non-OPEC producers to cooperate further. The unusual meeting between

supported the Saudi position or were silent, suggesting approval.

Others in OPEC argued that the non-OPEC offer was a historic opportunity to obtain cooperation from oil producers outside the cartel in lessening the world oil glut and increasing oil prices. They said the offer should not be allowed to pass, even though the cutback of the independent oil producers was too modest.

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strategies of their larger rivals. Combined, they would rank 11th.

While some major shareholders have faulted Irving as being "undermanaged," Bank of New York has emerged under Mr. Bacot, 55, as aggressively managed, with a tight rein on costs. The result has been a record of earnings growth over the past five years that has helped lift its capital base to \$1.1 billion at the end of 1987 from \$544 million at the end of 1983. Irving's capital rose to only \$931 million from \$716 million in that period.

Bank of New York's four major businesses—back office processing for the securities industry, trust and investment management, a suburban branch network and commercial lending—provide a diversity that has worked well enough to produce a return on assets averaging 0.80 percent in the four years ending in 1986, or well above the 0.53 percent at Irving.

While Bank of New York's application to the Federal Reserve mentioned that a merger would create an institution with \$41.9 billion in assets, it seems unlikely that even a new and larger Bank of New York would try to match the activities of

Undervalued Currency? Singapore Doesn't Agree

MANILA—Charges by the United States that Singapore's dollar is undervalued are political rhetoric and are not backed up by the economic facts, Singapore's finance minister, Richard Hu, says.

Mr. Hu, in Manila for the annual meeting of the Asian Development Bank, said over the weekend that his nation only really began to run a trade surplus with the United States toward the end of 1984. "If you go back to 1970," he said, "we have suffered a gross deficit with the U.S. which is very large."

Washington wants Singapore, Taiwan, Hong Kong and South Korea to revalue currencies to cut surpluses with the United States. Mr. Hu said figures showing that Singapore's real effective exchange rate had declined from 20 to 25 percent against the United States since late 1985 were misleading.

"The bulk of this real effective exchange rate decline was due not to nominal currency exchange movements but to changes in our unit labor costs," he said, adding that wages were cut sharply after Singapore had a recession in 1985.

If unit labor costs are taken into account and used to adjust nominal exchange rates, he said, the sharp depreciation of the currency disappears. He added that the International Monetary Fund agreed with this analysis.

He said that the United States found it politically difficult to distinguish Singapore from Asia's other newly industrializing countries in its rhetoric but that in practice Washington did make a distinction.

"Whatever their rhetoric might say, they have not in fact put any pressure directly on us to change our exchange rate policies," he said, adding that Singapore's surplus with the United States of about \$2 billion was small. "It's peanuts," he said. Japan's trade surplus with the United States, by comparison, was about \$52 billion last year.

Mr. Hu also rejected suggestions that Singapore fully internationalize its currency to enhance the international attraction of its financial markets. Because the size of the offshore market dwarfs that of the domestic market, he said, internationalization of the currency would have only a small beneficial impact on volume.

STOCKS: Foreigners Still Skittish

(Continued from first finance page) propelling share prices to historic highs and prolonging the five-year bull market.

"When you look just at the numbers, our net investments still look very, very insignificant. But from a psychological point of view, there is a strong impact," said Toshio Mori, chairman of Nikko Securities International Inc. in New York. "Japanese investors control a huge amount of liquidity and they have to invest somewhere."

David G. Strongin, an economist with the Securities Industry Association, contends that foreign influence has grown in recent years as mergers and acquisitions have reduced the supply of U.S. equity. In the past seven years, he reckons, net foreign purchases of U.S. stocks have totaled \$31.8 billion, while the stock market's capitalization has shrunk by \$306 billion.

"This affirms the impact of foreigners," he said. "Although I wouldn't say that foreign participation is a necessary condition for a market revival, the absence is felt." Foreigners have always been attracted to the U.S. stock market because of its efficiency and relative stability. Moreover, its size, number of big investors and regulatory scrutiny has guaranteed an unrivaled liquidity, even when compared to the larger Tokyo Stock Exchange.

"This affinity developed into something of a passion last year. Convinced that the dollar had stabilized, foreign investors entered the market in unprecedented numbers. In the first nine months, they poured \$23.5 billion into U.S. stocks, according to the Treasury Department. It appeared they easily would break their 1986 record of \$18.7 billion in net purchases.

The Japanese, traditionally the biggest buyers of U.S. Treasury bonds, accounted for more than a third of net purchases. Among Europeans, British and French institutional investors figured prominently in the rally.

October brought the buying spree to an abrupt halt. Foreigners joined American investors in a frenzied sell-off and continued to reduce their holdings for weeks afterward as the dollar tumbled from 143 yen to close out 1987 at 123 yen. In the end, foreign investors dumped almost \$10 billion worth of stock in November and December, according to SIA analysts.

Although Japanese and European investors still have sizeable U.S. equity holdings, they have showed little inclination to expand their portfolios even as the Dow has climbed back from October's low of 1,738.74, closing Friday at 2,032.33.

Complicating matters has been the resiliency of the Tokyo market, which this year has been the strongest performer of the world's exchanges. Its share prices have risen about 26 percent, compared to less than 6 percent for U.S. stocks, according to Morgan Stanley Capital International Perspective.

"Many Japanese investors have decided that the fundamentals are better in their home market," said Nikko's Mr. Mori.

More worrisome to some forecasters are indications that big Japanese banks and life insurance companies are curbing their appetite for U.S. Treasury bonds, underscoring their trepidation about the dollar and their fear of U.S. inflation. Net Japanese purchases of foreign bonds slumped to \$3.6 billion in March from almost \$9.5 billion in February, according to the Japan Securities Dealers Association.

Europeans appear to be equally skittish. A recent survey of 50 British investment strategists and pension fund managers by Broadgate Consultants, an investor relations firm that monitors institutional buying trends, found that most had drastically reduced their exposure to U.S. equities.

Half of those interviewed had cut their U.S. weighting to 10 percent or less of their international portfolios. This is considered an extreme decision by most professional investors since U.S. equities account for roughly 30 percent of the world's stock market capitalization.

Roger Nightingale, chief economist for the Smith New Court brokerage in London, is recommending that his institutional clients reduce their U.S. holdings to only a half of one percent of their portfolios. "The American dollar says it's growing too fast for its capacity," he said.

Wall Street strategists acknowledge that such pessimistic views will not change immediately. "I can't promise them that the dollar has seen its lows," said John D. Connolly, chief investment strategist at Dean Witter, who recently returned from visiting some of his firm's European clients.

Further progress on the trade deficit, market experts contend, is a prerequisite for stabilizing the dollar and attracting foreign interest. Some believe that a comfortable trading range of about 126 to 127 yen would be convincing enough.

BANK: Hostile, Apparently Successful Offer for Irving Is Seen as a Precursor of Bids to Come

(Continued from first finance page) Banca Commerciale Italiana, said it would not raise its bid. Most analysts think the fight is won unless BCI changes its mind.

Like a nighttime flare, the struggle between Irving and Bank of New York has sharpened the banking industry's view of the dark landscape of hostile takeovers. As Bank of New York persevered, it has become obvious that investors in banks are just as eager for immediate gain as shareholders of industrial companies that frequently have more been the object of hostile bids. And the Federal Reserve's approval of the Bank of New York's proposal was a sign that bankers cannot rely on regulators to preserve their independence.

For years, analysts have said that the breakdown of prohibitions on interstate banking and the spread of worldwide banks would encourage U.S. banks to combine. That trend has accelerated in recent years, but those combinations have been agreeable to both parties or involved a deeply troubled institution that had little choice.

First Interstate Bancorp's overtures to BankAmerica Corp. in 1986 showed the covetous side of some bankers, but never reached the point of fighting for shareholders' votes. Sustained hostility has been rare, confined to smaller battles, and where they overlap, Bank of New York would reap strong profits from economies of scale.

The Bank of New York's estimates that it could reduce Irving's non-interest expenses by 4 or 5 percent are extremely conservative, said Mark Albert, an analyst at Bear, Stearns & Co., judging from the experience of another recent in-tranquity merger, that of Wells Fargo and Crocker Bank in San Francisco. Wells Fargo cut Crocker's expense base by 33 percent within 18 months of that merger, he noted.

The similarities between Bank of New York and Irving are great enough that analysts quickly saw the wisdom of the merger proposal. Both maintained solid reputations and avoided devastating mistakes, but neither was positioning to keep pace with other major New York banks. Irving, the 15th largest U.S. bank at the end of 1982, had fallen to 25th by mid-1987, while Bank of New York went from 25th to 31st. Neither could duplicate the activities of

strategies of their larger rivals. Combined, they would rank 11th.

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American Exchange Options

Table with columns for Option & price, Calls, Puts, and various stock symbols like AIG, AIG, AIG, etc.

Chicago Exchange Options

Table with columns for Option & price, Calls, Puts, and various stock symbols like AIG, AIG, AIG, etc.

NASDAQ National Market

Table with columns for Sales in 100s, High, Low, Close, and various stock symbols like AIG, AIG, AIG, etc.

OTC Consolidated trading for week ended Friday

Table with columns for Sales in 100s, High, Low, Close, and various stock symbols like AIG, AIG, AIG, etc.

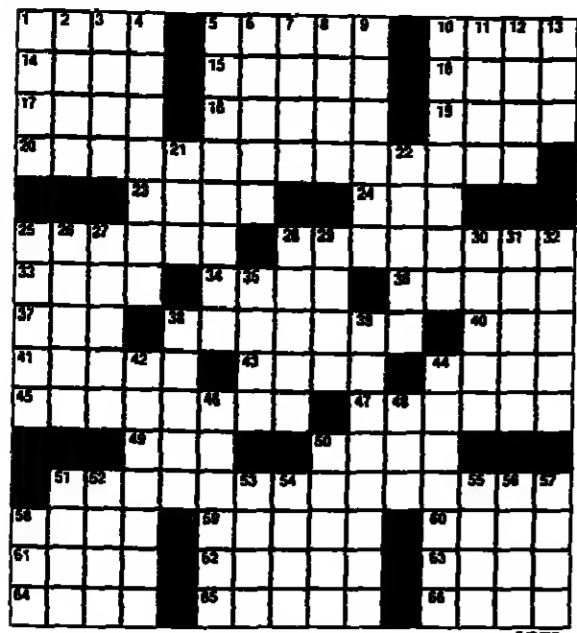
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SPORTS



ACROSS
1 Lisa
2 Decorous
10 The nouveau riche put it on
14 Starbuck's captain
15 Jay Silverheels' role
16 Spooky-sounding lake
17 Blushing
18 Murder, 1948 film
19 The Swedish Nightingale
20 With 51 Across, the pursuit of happiness?
21 Teddy boys
24 Trim trees
25 African jungle
28 Overshoots for the pursuer
33 The lama/He's a priest? Nash
34 Merganser
36 Fishing net
37 Balsam, e.g.
38 Kind of lantern
40 Faucet
41 Heart chambers
43 Castor's mother
44 Marquand sleuth
45 Pursuer's protector

SIDELINES

Senna Takes San Marino Grand Prix Easily

IMOLA, Italy (AP) — Ayrton Senna of Brazil, in a turbocharged McLaren-Honda, lapped everyone but his French teammate Alain Prost on Sunday to win the Grand Prix of San Marino, the second event of the 1988 Formula One season. It was the seventh career grand prix victory for Senna, who started in the pole position and led throughout the 60 laps to win in 1 hour, 32 minutes and 41.264 seconds at an average speed of 197.278 kph (121.639 mph). Prost finished second, 2.33 seconds back. Nelson Piquet of Brazil, the current world champion, was third in a Lotus-Honda.

Jim's Orbit Triumphs in Derby Trial Stakes

LOUISVILLE, Kentucky (AP) — Jim's Orbit won the Derby Trial Stakes in a four-horse blanket finish Saturday at Churchill Downs. Three oaks separated the first four finishers in the field of seven 3-year-olds. Kingpost, also expected to run in the 1 1/4-mile (2,010-meter) Kentucky Derby on Saturday, was second; Lover's Trust was third and Frosty the Snowman fourth. Jim's Orbit covered the mile in 1:38-3/5 for his first victory in four 1988 starts.

Norman and Strange Leading in Texas Golf

THE WOODLANDS, Texas (UPI) — Greg Norman and Curtis Strange, each playing 36 holes Saturday because of a rain-delayed second round, completed three rounds of the Independent Insurance Agent Open golf tournament tied for first at 13-under par 203. Norman, who shared the lead with Ray Floyd through two rounds, shot a 4-under par 68 in the third round while Strange had a 66. Floyd's 76 dropped him to drop to 5-under 211. Tom Kite, who shot a 66, was a stroke back of the leaders at 204. Norman shot a 70 in the second round while Strange had a 68. They were among 52 competitors who were unable to start the second round Friday because of rain. Second-round play was completed Saturday morning, followed by the third round.

Weight Lift Records

CARDIFF, Wales (AP) — Yuri Zakharovich of the Soviet Union set three world records in the European weightlifting championships Saturday. The Russian bettered his own mark for the snatch, lifting 203.5 kilograms (449 pounds), and set a mark of 452.5 kilograms for the snatch-jerk total. Lifting 250.5 kilograms, he also regained the world record for the jerk from Stefan Botev of Bulgaria. For the purposes of the combined event, the two lifts that made up Zakharovich's world record were his earlier marks of 202.5 kilos for the snatch and 250 kilos for the jerk.

Solution to Friday's puzzle

BRAG PINED LIMET
AUTO OXAGE NADA
CLOVERLEAF DRIP
HEM ROE DEPICTS
LOUTH NIA
STEEDS ENDANGER
LEAVE AROE GAME
UNIV AROUD HUME
GETA MAIN SIZED
STANDEES SHEETS
CIN MOTIF
VILLAIN WEE DAA
ADUE CORNEDDEEF
TELE AREEL ODOOR
SELF NAICRE XEMO

Trump's \$1,500 High-Roller Ringsiders

By Dave Anderson
New York Times Service

NEW YORK — During the negotiations for Ali-Frazier I at Madison Square Garden in 1971, each boxer was guaranteed a flat fee of \$2.5 million, at that time a record sum. But soon it was time to set the ticket prices. "Some people kept telling me that we could charge \$200 for a ringside seat, but I decided that \$150 was enough," Harry Markson, the garden's boxing president of that era, recalled with a laugh. "I thought \$200 for a ringside ticket was obscene, but looking back, we probably should've charged \$200." "If a \$200 ringside seat would have been 'obscene' in 1971, surely a \$2,000 ticket would be even more obscene now. But it almost happened.

casino-hotel ordered 20 ringside tickets. "The great thing," said Trump, "is what happens in all the casinos. At the Tyson-Holmes fight in January, the pit drop at our two casinos, Trump Plaza and Trump Castle, was \$15 million more than it would have been without the fight." Until this \$1,500 seat, boxing's highest-priced ringside ticket was \$1,000 for Leonard-Duran II in New Orleans in 1980, the rematch that added "no mbs" to every boxing

'I wanted to go to \$2,000. If we had, we would've sold the same number of tickets by the exact same time. . . I still think we would've gotten the \$2,000, but enough is enough.' — Donald Trump, impresario

buff's vocabulary. Tyson's recent quick knockout of Tony Tubbs in Tokyo cost ringside spectators \$800 apiece. Over nearly half a century, the evolution to a \$1,500 top began with the first \$100 ringside ticket, for the Joe Louis-Billy Conn heavyweight title rematch in 1946. Until then, according to The Ring Record Book, the highest-priced ticket had been \$50 for both Dempsey-Carpentier in 1921 and Dempsey-Firpo in 1923. But Dempsey-Tunney I in 1926 had only a \$27.50 top and the Dempsey-Tunney "long count" rematch in Chicago in 1927 had a \$40 top. That price was matched in 1938 for Joe Louis's first-round knockout of Max Baer at Yankee Stadium in 1938. When the Louis-Conn rematch was scheduled back in 1946, a boxing writer of that era, Stanley Frank, asked the Twentieth Century Sporting Club promoter, Mike

DENNIS THE MENACE



'I KNOW! LET'S EAT THE BANANA, STUFF THE SKIN WITH MASHED POTATOES AND TAPE IT BACK TOGETHER.'

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
NUEQE
BEATA
YARNTT
TUFILE
WHAT AN ELUSIVE BUTTERFLY IS APT TO DO.

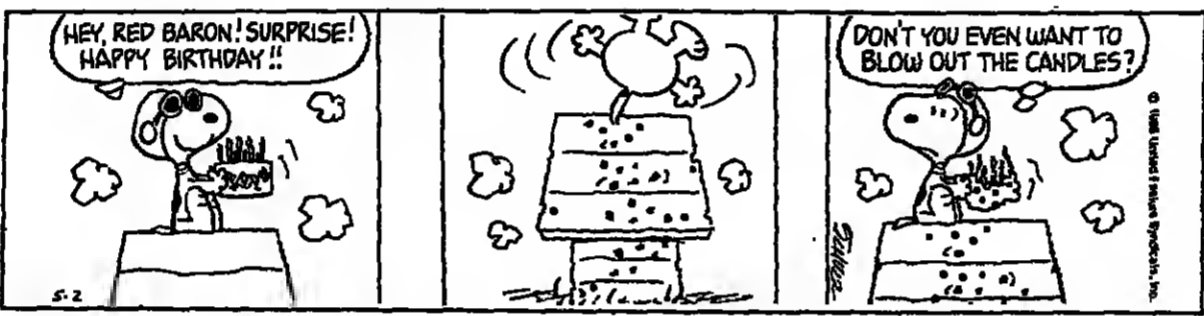
Print answer here:
Friday's Jumble: IGLOO FORAY CRAYON REDUCE
Answer: The fisherman was arrested for CARRYING A "ROD"

WEATHER

Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, OCEANIA. Rows list cities and their weather conditions.

MONDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Rain. Tenna: 10-15. LONDON: Rain. Tenna: 11-15. PARIS: Showers. Rome: 15-20. Athens: 17-23. Madrid: 17-23. Berlin: 15-20. Moscow: 15-20. Tokyo: 17-23. Sydney: 17-23. Melbourne: 17-23. Perth: 17-23. Auckland: 17-23. Wellington: 17-23. Christchurch: 17-23. Dunedin: 17-23. Invercargill: 17-23. Queenstown: 17-23. Milford Sound: 17-23. Fiordland: 17-23. Stewart Island: 17-23. Chatham Islands: 17-23. Tokelau Islands: 17-23. Niue: 17-23. Cook Islands: 17-23. Tokelau Islands: 17-23. Niue: 17-23. Cook Islands: 17-23.

PEANUTS



BLONDIE



BETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



WORLD STOCKS IN REVIEW

Via Agence France-Press

Amsterdam

Issues on the Amsterdam Stock Exchange overcame a dull start to gain a little ground last week, with insurance shares, in particular, much in demand. The combined turnover in stocks and bonds topped a billion guilders every day, but on Monday the turnover in equities was just 242.6 million guilders, the lowest since Jan. 4.

Milan

Milan stock prices were virtually unchanged after four sessions — Monday was a holiday — with the Comit index at 505.70, just off the previous Friday's close of 505.97. Analysts said institutional investors remained cautious, while the big private groups were content to support their stock prices.

Frankfurt

West German stock prices declined last week, as both German and foreign investors expressed little interest. The Commerzbank index closed Friday at 1,356.2, down 21.2 points for the week. The drop came despite a slight rise in the dollar, a good Wall Street performance and business optimism at the Hannover Industrial Trade Fair.

Paris

The Paris Bourse shrugged off Francois Mitterrand's likely second-round victory in the May 8 presidential election run-off to post a moderate gain. The CAC index closed at 312.5, after a peak of 313.7 on Thursday. It stood at 308.0 the previous Friday.

Hong Kong

The Hang Seng index rose 11.52 points in a see-saw week of cautious trading on the Hong Kong Stock Exchange that pushed the key indicator over the 2,600-point mark. It had lost 7.60 points the previous week.

Singapore

The Straits Times industrial index crossed the 960 point level for the third time this year, but shares ended the week mixed on profit taking and a wait-and-see attitude by investors in advance of the Labor Day holiday Monday.

London

London Stock Exchange investors remained cautious for much of the week while awaiting Thursday's quarterly report by the Confederation of British Industry, or CBI, and Friday's U.K. trade figures for March. Another notable feature was the low participation by big institutions.

Tokyo

Share prices kept rising on the Tokyo Stock Exchange, with the key Nikkei average closing at 27,509.54 yen Saturday, the fourth time in five sessions that the 225 blue chip average had set a record. It gained 451.17 yen against the previous week's 164.80-yen advance.

Zurich

Zurich stock prices managed a small gain in dull trading, the Credit Suisse indicator closing at 449.1 compared with 446.8 the previous Friday. The Swiss Bank Corp. index ended at 495.2, up from 490.4.

مركز التحصيل



SPORTS

Gooden Wins 6th Straight as Mets Rout Reds, 11-0



Milwaukee's Paul Mokeski and Doc Rivers of the Hawks, straining for the ball after Mokeski (called for a foul on the play) knocked it loose during a second-period scuffle. Atlanta won the series opener.

The Associated Press
CINCINNATI — Dwight Gooden pitched a four-hitter for his sixth straight victory and New York hit three consecutive home runs in the fifth inning as the Mets routed the Reds 11-0 on Sunday for their fifth straight victory.

leading Minnesota over Boston.
Viola, 3-1, struck out six, walked only one and allowed just one runner to advance beyond first base in outdueling Jeff Sellers, 0-2. In his first complete game in six 1988

and Mike Stanley hit his first home run of the season as Texas averted a sweep of the three-game series.

Pistons Nip Bullets to Go 2-Up; Rockets and Jazz Win on Road

Compiled by Our Staff From Dispatches
NEW YORK — Detroit pushed Washington to the brink of elimination in the National Basketball Association playoffs Saturday, while Houston and Utah tied their first round series with road victories.

Orioles Fall Happily Short, Then Fall Short Once Again

Compiled by Our Staff From Dispatches
CHICAGO — The Baltimore Orioles were happy to fall short, but then they fell short again.

Cerone Helps Red Sox Stay Hot

Compiled by Our Staff From Dispatches
BOSTON — Rick Cerone's two-run home run, his first for the Red Sox, capped a three-run second inning and sparked an 8-3 victory over Minnesota here Saturday.

NBA PLAYOFFS

when he hit just 5 of 22 field goal attempts and had 16 points.
Bobby Hansen, who averages 9.6 points per game, added 23 points, including a trio of three-point shots, while John Stockton had 20 points and Thurl Bailey 17 for the Jazz.

SCOREBOARD

Table with columns for Baseball, Basketball, and Hockey, listing scores for various teams and games.

Baseball

Table listing baseball scores for various teams including Boston, Chicago, New York, and others.

Auto Racing

GRAND PRIX OF SAN MARINO
1. Ayton Senechal, McLaren-Honda, 1:19.71 minutes, 222.222 average speed 129.69 mph/175.74 km/h.

NBA Playoffs

FRIDAY'S RESULTS
Eastern Conference
Milwaukee 107-97 Detroit
Chicago 107-97 Detroit

Transition

BASEBALL
DETROIT — Activated Walter Turrentino, pitcher, to the 25-day disabled list.

Auto Racing

GRAND PRIX OF SAN MARINO
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First-Round Schedule

EASTERN CONFERENCE
April 27: Boston 112, New York 92
April 28: Detroit 102, Washington 81

Major League Standings

Table showing major league standings for American League and National League.

Tennis

WOMEN'S TOURNAMENTS
(LA Members)
Semifinals
Henri Lecourt, France, def. Boris Becker, West Germany, 7-6 (7-3), 7-6 (7-3).

Auto Racing

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Upstart Devils Advance to NHL Semis Against Bruins

The New Jersey Devils, participating in the playoffs for the first time in the franchise's six-year history, advanced to the National Hockey League semifinals against Boston by beating Washington, 3-2, Saturday night in Landover, Maryland.

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Advertisement for Roland Garros tennis tournament, featuring the text 'ROLAND GARROS PARIS' and 'OFFICIAL TIMER SEIKO'.



